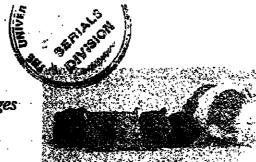


Downhill fast How skiing damages the environment



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Tomorrow's Weekend FT

Christmas comes early: 18 pages stuffed with festive delights



FINANCIAL TIMES

Europe's Business Newspaper

Russian trade

minister quits

Russia's liberal trade minister, Pyotr Aven, ona of those who launched Russia's economic reforms

last January, quit yesterday as turmoil engulfed the government. Radicals and conservatives jockeyed to keep or promote their own ministers in posts responsible for the shaky reform programme. Page 16; Russle's ousted reformer, Page 2

Clinton's teams US president-elect Bill Clinton named Warren Christopher as secretary of state, former navy-undersecretary James Woolsey as director of the Central Intelligence Agency, Les Aspin as secretary of defence and Samual Berger as deputy White house national security adviser.

Palestinians' plea rejected: Israel's High Court rejected an appeal seeking the return of

415 Palestinians who were expelled to Lebanon:

It said it did not want to get involved. The Israeli

government warned its troops were prepared to shoot to prevent the Palestinians' return. Page 3

Electricité de France: The state-owned utility

is going ahead with new contracts to sell electricity

Hong Kong power station deal: Anglo-French engineering group GEC Alsthom and General Electric of the US have won a deal thought be worth some HK\$20bn (\$2.59bn) to supply equip-ment for a Hong Kong power station. The consor-

tium beat a challenge from Siemens of Germany.

Minister to quit: Britain's foreign office minister

for European affairs, who has a key role handling

the Maastricht treaty, said he would quit once

the accord was ratified. Tristan Garel-Jones, 51,

Libya crash kills 157: All 157 people aboard a Libyan Arab Airlines Boeing 727 were killed

when it crashed en route from Benghazi to the

Libyan capital, Tripoli. The Boeing was said to

have collided with a Libyan military jet. Page 3

survived Monday's fatal air crash at Faro, southern Portugal, flew home to the Netherlands. Experts

investigating the accident said it could have been

Germany bans fourth group: A fourth German neo-Nazi militant group, the 140-member Nationalist Offensive, was banned as Germany

Bush to Somalia: Outgoing US president George

continued cracking down on anti-foreigner and

new year and see relief operations, the White

Sweden supports Nordbanken: Sweden's

troubled Nordbanken group is to receive another

SKr14bn (\$2bn) in equity and SKr10bn in guaran-

tees from the government as part of moves to

Satellite vanishes: Optus Communications,

Australian owners of a \$140m satellite launched

on Monday by China, said it disappeared before

reaching orbit and had been given up for lost.

Chinese officials would not acknowledge that

Bomb blast in London: Passengers and staff

were evacuated from a north London underground

station less than haif an hour before a small bomb

Privatisation halled: Czechoslovakia's first

nearly 93 per cent of available shares were sold.

some 300 hn crowns (\$10.7 hn). Hungary plans

have agreed is acceptable," said a solemn state

issued on behalf of both companies. Page 12

STOCK MARKET BIDICES | III STERLING

2,842.0

1.359.55

_17,690.87

round of privatisations was halled a success after

Up for sale were a total of 1,491 companies worth

US toymaker Mattel,

maker of the popular

dropping legal action against Hasbro after

the UK company agreed to make its Sindy doll

look less like her US rival. "Hasbro has

remodelled the head

Mattel and Hasbro

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of Sindy in a way which

Barbie doll (left), is

give the bank a fresh start. Page 16

anything had gone wrong. Page 3

more flotations, Page 3

FT-SE 100: ___

Hew York: bachtime

FT-SE Eurotrack 100 ...1,872.92

Dow Jones Ind Ave ___3,308.95

AUS LUNCHTIME RATES

Survivors fly home: Dozens of people who

caused by a freak dewablast of wind as the

Martinair DC-10 came in to land. -

anti-Semitic violence.

said: "I hanker after a change." Page 4

1.00

make

KITE

to the UK next year despite claims by British Coal that French power sales cut the potential market for UK-mined coal by 6-7m tonnes a year.

Page 10; Heseltine rebuffs pit call, Page 4

amid turmoil

Changes add weight to diplomatic policy

Delors signals birth of tougher EC executive

David Gardner in Brussels MR Jacques Delors, president of the European Commission, yes-terday signalled the birth of a tougher, more outward-looking European Community executive when he announced the duties of his 16 fellow commissioners for

the next two years.

The commissioners, who will work in Mr Delors' third Commisrion, met for the first time yesterday. Having spent the past few weeks lockeying for position - in person and through national gov-ernments — they took only 15 minutes to decide which jobs they would inherit when they

take office on January 6. The changes should lend new weight to the EC's diplomatic and trade policy. The Commission's external affairs portfolio previously the domain of one commissioner. Mr Frans Andriessen – will be split between Mr Andriessen's successor as Dutch

commissioner, Mr Hans van den

Brock, the Netherlands' foreign

minister, and Sir Leon Brittan, the UK's senior commissioner. Mr Van den Broek will take on responsibility for external political relations, and will lead "enlargement" negotiations with applicants for EC membership – Austria, Sweden, Finland and Norway. Sir Leon, now responsi-ble for competition and financial sérvices, will handle trade relations with the industrialised nations, including the expected

conclusion of the Uruguay Round

and anti-dumping policy.

believed that he and Mr Van den responsibilities last week shared the same liberal and "Atlanticist" approach to exter-nal relations, and would work

weil together. The new allocation of duties will mean the division of the

Page 2

■ Delors reshuffles Commission pack

■ Editorial Comment ...Page 8

Commission's sprawling external relations department by April. Further and more painful restructuring of the Brussels bureaucracy is likely to follow.

Sir Leon's competition portfolio passes to Mr Karel Van Miert, the Belgian socialist currently in charge of transport and environment policy. Mr Van Miert said earlier this week "there will be changes" in the conduct of EC competition policy, a job which Sir Leon and his predecessor Mr Peter Sutherland built into one of the most powerful in Brussels. In particular, Mr Van Miert is likely to try to make competition policy more responsive to social and industrial considerations.

The distribution of portfolios reflects the enlargement of the Community's role envisaged in the Maastricht treaty. Brock, who chaired the Council of Ministers in the run-up to the Maastricht summit, will be responsible for Commission input to the EC's embryonic foreign and security policy. Mr Padraig Flynn, the new Irish commissioner, will monitor EC justice and immigration policy as well as social policy.

In response to calls for more openness and accountability in EC decision-making, a new portfolio has been created for Mr Joao de Deus Pinheiro, the highly regarded former Portuguese foreign minister. He will liaise with the European Parliament, which will be strengthened if Maastricht is ratified. He will also develop Mr Delors' idea that Brussels should give a regular account of itself to national parliaments and through a more active information policy.

In principle, the new Commission - which includes 10 members of the current executive will last for two years, assuming the Maastricht treaty is ratified. The appointment of a five-year Commission at the end of 1994 will be timed to run in tandem with a newly elected European Parliament.

All responsibilities for aid to developing countries has been regrouped under the senior Spanish commissioner, Mr Manuel Marin. Spain pressed hard for a higher profile within the Brussels executive and has done particularly well from the reshuffle. Its junior commissioner, Mr Abel Matutes, gets two of the jobs in For example, Mr Van den the previous Commission energy and transport.

GM's parts

suppliers

time fines

By John Griffiths in London

tive or mislabelled parts.

COMPONENT suppliers to

General Motors' Saturn cars sub-

sidiary in the US face fines at a

rate of \$500 for every minute of production lost through defec-

The sanction is set out in a

letter to all suppliers to the Spring Hill, Tennessee, plant which makes GM's Saturn range.

Signed jointly by Mr Alec Bedricky, vice-president of pur-

chasing and supplier quality,

and United Auto Workers co-or-

dinator Mr Jerry Childers, it rep-

resents one of the starkest exam-

ples to date of competitive

pressures and GM's determina-

tion to regain competitiveness



British premier John Major (left), with British Defence Chief Sir Richard Vincent in the Croatian town of Split, praised the troops for "performing heroically to make sure the humanitarian aid gets through". In Beigrade, Serbian opposition parties may boycott Serbian and federal parliaments after ultranationalists appeared to have won a majority in Sunday's general election.

D-Mark strength eases after Schlesinger remarks

By James Blitz, Economics Staff, in London

MR HELMUT Schlesinger, the Bundesbank president, yesterday helped to ease the recent strength of the D-Mark on foreign exchanges by saying that long-term German interest rates could drop to below 6 per cent in the current cycle of falling rates. In an interview published in the Westdeutsche Allgemeine Zeitung, Mr Schlesinger did not specify when long-term interest rates - currently at around 7.25

could only fall when the market believed that prospects for reducing inflation were improving. Mr Schlesinger's remarks were

interpreted as unusually optimis-

per cent - would come down.

However, analysts said yesterday

that long-term rates in Germany

tic from the Bundesbank president, who also said he was confident Germany's inflation rate could fall to about 3 per cent next year from an average of about 4 per cent in 1992.

Dealers actively bought dollars in the wake of his remarks, and the US currency rose by more than 1% pfennigs against the D-Mark, to close at DM1.5865.

The interview also helped to boost sentiment in the UK equity market. The FT-SE 100 index of leading shares rose from Monday's all-time closing high to a new peak of 2,845.6 points, before ending at a new closing high of 2.842.0, a gain of 34.3 points on the day. The remarks also eased pressure on the French franc, after several days in which it had threatened to fall close to its

floor against the D-Mark in the

European exchange rate mecha nism. The franc closed at FFr3.4110 against the D-Mark, up more than half a centime on the

Although the D-Mark was weaker against most currencies yesterday, sterling was a signifi-cant loser. The pound fell 1 pfennig to close at DM2.4425 and lost stronger dollar, closing at \$1.5390

from a previous close of \$1.5645. Wall Street stocks firmed after economic data indicated that the US economy had expanded in the third quarter of this year. At around lunchtime in New York yesterday, the Dow Jones Index was down 5.40 points at 3,307.06.

Italy cuts rates, Page 2 Currencies. Page 26 World stock markets, Page 28

BA global plans hit by collapse of face lost deal with USAir

By Paul Betts in London, George Graham in Washington and Nikki Tait in New York

BRITISH AIRWAYS yesterday suffered a severe setback in its ambitions to become a global airline with the collapse of its proposed \$750m investment in a 44 per cent stake in USAir, the sixth

largest US carrier. Both BA and USAir said they would attempt to forge an alternative deal in the new year after their proposed alliance was blocked by a US-UK government dispute over liberalising air services between the two coun-

BA said it had decided to pull out of the proposed partnership with USAir because of "excessive demands" by the US government to give US carriers greater access to the UK market.

Under pressure from the three largest US carriers - American Airlines, United Airlines and Delta Air Lines - the US had insisted that the UK open up London's Heathrow airport to more US airline services in

return for approval of the deal. The UK government in turn had offered a three-phase process of liberalising air services which would have led to "open skies" only after the US eased its rigid foreign ownership rules in US

BA said the UK government "quite rightly" had been unwilling to make "unwarranted and unilateral concessions" to the US. Sir Colin Marshall, BA's chief executive, said talks between the two countries had broken down because "the US demanded immediate and unlimited access to the UK market while maintaining high protective barriers

to its own market - which is 40 per cent of air transport worldwide." The UK Department of Transport said talks to liberalise air travel between Britain and the US would continue.

Mr Andrew Card, the US transport secretary, confirmed in Washington yesterday that he would "probably not have approved the deal". The existence of an open market for US carriers

Airbus clinches \$3.3bn contract Clipped wings for BA's global strategyPage 11

was a crucial element in any decision on whether to allow foreign investments in US airlines. BA, had this transaction been approved, would have had imme-

diate access to the entire US market. Our carriers would not have had access to the entire UK market," he argued. USAir also expressed disappointment over the collapse of the deal. Mr Seth Schofield,

USAir chief executive, stressed his carrier would "continue to discuss alternative arrangements with BA." USAir officials declined to speculate on what other avenues the carrier might pursue, although it

has talked to Germany's Lufthansa in the past, carrier. There were varied reactions from two of the big US carriers which had lobbied strenuously against the deal. United said it was "a shame" an opportunity to liberalise UK-US air services had

been missed, while Delta claimed

the outcome was "a victory for

equal and fair competition".

...Page 3

against Japanese rivals.

The confidential letter, a copy of which was sent to the specialist Detroit publication Automotive News, says the fine will be invoked for any production stoppage caused by a missed delivery, under-supply of components

or materials, or substandard or mislabelled parts. The practice of penalising sup-pliers for production disruptions is not unknown either in North America or Europe. These have tended to be negotiated individually. A more formalised system

could set a precedent. GM last night refused to comment on the letter, declaring that "such matters are confidential between ourselves and our suppliers". It would not say whether penalties have been imposed since the fines regime began on November 1.

The Saturn plant is GM's \$14bn "showcase" venture to demonstrate it can match Japanese rivals on quality and costs.

Toyota alliance, Page 13

ECU 144,000,000

Baring European Capital Partners

Baring **Capital** Investors THE EUROPEAN

Partnership LONDON HAMBURG

A limited partnership formed to make equity investments in management buy-outs, buy-ins and growth businesses located in Western Europe.

Baring Capital Investors is adviser to the partnership and advises funds totalling £235 million.

3-mo intertank ________ 7 ½ % (7 ½ %) Life long gilt future: _Dec 19812 (Dec 100 ½) M NORTH SEA OIL (Argus) 5,4125 (5,3575) 1,434 (1,4135) Brent 15-day _____\$18,525 Sindex 85.3 New York Cornex (Dec) ___\$332.2 (334.0) _\$332.3 (333.95) Tokyo close Y 123.13

New York lunchtime: DM 1,587 1.587 5.4155 (122.95)

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Main Price Changes 11 Managed Funds 22-26

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Instability continues as Collor hangs on

SEASONAL cheer was notably absent among Brazilians yesterday, faced with the unwelcome prospect of continued instability as a result of Monday night's ploy by suspended President Fernando Collor to delay his impeachment by sacking his lawyers.

Brazilians had expected that by Christmas Mr Collor would have been definitively stripped of power, enabling Mr Itamar Franco, the acting president, to formally take office and start giving some much-needed direction to the economy. A long-talked about fiscal reform was due to have been approved by the Congress so that next year the government could make some attempt at balancing its budget.

However, the delay in the impeachment trial until December 29 or later means the politicians will continue to be distracted from fiscal reform which now cannot be voted till next year. Mr Franco's speech setting out eco-nomic policy scheduled for today has been delayed until after the judgment.

Although there is little doubt that Mr Collor will be ousted eventually, Mr Pedro Simon, the Senate leader of the acting government, explains: "As an acting president Itamar cannot announce definitive plans because he doesn't know if he will be confirmed president." As a result of the uncer-

tainty, monthly inflation is now pushing 27 per cent and the black market dollar premium has reached 25 per cent. The fear is that Mr Collor will try another manoeuvre to

win more time in the hope that Mr Franco's perceived incompetence and nationalist rhetoric will inspire senators to wish for the return of Mr Collor. Mr Odacir Soares, one of Mr Collor's few supporters in the Senate, says: "Many sena-tors are now looking at Collor with more sympathy and we believe this tendency is Collor might appeal to the international court of human rights alleging that he was not being given a fair trial.

Mr Sidney Sanches, the head of the Supreme Court, who will preside over Mr Collor's judgment, appears determined to prevent further delays beyond December 29 and yesterday appointed Mr Inocencia Martires Coelho. a former attorney general, to handle Mr Collor's defence. But Mr Mauro Benevides, president of the Senate, admitted "it will be very difficult to get a quorum during the holiday period".

day night the text of an agreement with foreign creditors over \$44bn commercial debt. The majority was 42 to 2. The termsheet, which was agreed in July, wili now return to the advisory committee of creditor banks for final review and selection of instruments.

and Brazil will increase its

interest payments from 30 per

In one positive development

the Senate approved on Mon-

AKE with a pinch of salt whatever President George Bush and Mr John Major said in Washington at the weekend about finishing within the first two weeks of January the six-year Uruguay

Round of talks aimed at reducing barriers to international There was a stronger sense of realism in Geneva when the statement was released. Most European Community negotia-

tors had returned to Brussels,

the head of the US mission had taken his son to the circus, and Mr Balkrishan Zutchl, India's respected ambassador to the General Agreement on Tariffs and Trade, commented: "It's not possible for President Bush to conclude this. We have to wait and see what the Clinton administration proposes."

The most patient response to the Washington initiative came from a senior EC official: "It was an honest attempt to achieve a conclusion. If it were just up to the US and the EC. then it might just be possible. But Bush and Major have wholly underestimated the

system, which calls for backing from another 106 countries." Even Mr Arthur Dunkel, director general of Gatt, under whose wing the Uruguay Round negotiations have prog-ressed, complained of the critical time lost since the US and the EC settled their long-standing dispute over reform of farm

Gatt agreement waits for Clinton

David Dodwell on work still to be done on the Uruguay Round

December. "There is still a tremendous amount of technical work to be done," he said this The Bush and Major statement had its roots in the tokenism that Group of Seven leaders have so often shown

over the past three years.

trade in Washington early in

Note the G7 summit resolution of Houston in 1990. It said: "We stress our determination to take the difficult decisions necessary to achieve far-reaching, substantial results in all areas of the Uruguay Round by the end of this year... We intend to maintain a high level of personal involvement and to exercise the political leadership necessary to ensure the successful outcome of these negotiations.

However, one senior US

trade official in Geneva commented: "I don't see what changes in circumstances are possible between now and the new year to make a settlement

There have been three weeks of intensive activity in Geneva as countries involved in the Uruguay Round negotiated an array of tariff cuts, concessions to open up trade in services, and new protection for patents and copyright.

But amid all of this technical work, disagreements have

take time and the sort of political commitment that leaders such as Mr Bush can no longer provide.

The most critical of these

emerged which can doubtless

be resolved, but which will

US calls for amendment of the proposed anti-dumping rules, essentially giving the US more flexible recourse to bilateral sanctions if multilateral dumping rules fail to deliver "fair" trade.

 A US challenge to the Multi-lateral Trade Organisation (MTO), the umbrella organisation that would supersede the

Gatt, and would embrace the new areas of trade subject to international rules. The US administration is concerned the MTO would compromise important sovereign powers.

• EC demands that any agreement on trade in audio-visual services should exempt "cultural programmes" from unfettered international competition. Other services are sensitive, including financial services (where concessions are being demanded from Japan, South Korea, and the six Asean countries in south-

vices (where the US is dragging its heels). Developing countries are unhappy about the speed at which markets are to be opened up to free trade in textiles (too slowly), and are to provide patent protection in

east Asia) and maritime ser-

drugs and agricultural chemi-cals (too quickly).

Tariff cuts remain contentious, with the US pressing for a number of sectors to have tariffs cut to zero, and the EC preferring to tackle sectors where tariffs are particularly

German power challenge dropped

OVER 160 local authorities in east Germany yesterday agreed to drop a constitutional chal-lenge to the virtual monopoly of the main west German utilities on generation and supply of electricity in the former communist state.
An out-of-court settlement

between the two sides means that the utilities, headed by RWE, PreussenElektra and Bayernwerk, will be guaranteed 70 per cent of the electricity market in east Germany for the next 20 years. The local authorities have agreed to generate from their own power stations no more than 30 per cent of the total requirement. In return, the suppliers have agreed to protect jobs in the east German brown-coal industry, which still employs some

80,000, and embark on new investments valued at up to DM30bn (£12.3bn). The local authorities will be allowed to choose whether to take over full ownership and control of electricity and dis-trict heating supply and distri-bution facilities on their terri-

tory, or cede the right in exchange for up to 49 per cent of the shares in their regional electricity supply organisation. The deal could fall foul of EC competition rules. It is likely to mean foreign electricity suppli-ers will be effectively excluded from access to the east German

market for the next 20 years, industry analysts say. Foreign suppliers have shown an interest in the east German market, including Electricité de France, Britain's PowerGen, National Power, and Scottish Power. The German utilities have been attacked by German industry

as among Europe's most costly

power suppliers.

Growth in money supply declines

By Christopher Parkes

THE growth rate in Germany's money supply fell in November for the first time this year, but was still running far ahead of target. Provisional Bundesbank figures yesterday showed expansion in the broad M3 measure dropped to an annual-

ised 9.3 per cent last month. Though an improvement on October's 10.3 per cent, it was well above the 8.8 per cent recorded in August (the last "normal" month) and almost 4 percentage points above the bank's top target range for 1992 of 5.5 per cent. Figures for September (up 9.3 per cent) and October were distorted by the effects of central bank intervention in the recent currency

Yesterday's figures showed high interest rates have yet to dampen demand for money. Private-sector loans continued to expand, and the volume of cash in circulation rose because of seasonal factors, the bank said. The fall had been widely forecast, and further decreases in coming months are expected as recession takes hold. Sharp cuts in industrial capital investment plans for 1993 are likely to affect the M3

measure as 1993 advances. Some economists believe monetary expansion could fall within the Bundesbank's 1993 target range of 4.5-6.5 per cent early next year. Money supply control is a main aim in its search for monetary stability and cutting inflation: prerequisites for interest rate cuts.

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Swiss expect record SFr3bn Russian budget deficit

By Ian Rodger in Zurich

THE rapidly deteriorating state of Swiss public finances was emphasised yesterday with the publication of a forecast by the federal Finance Ministry of a record budget deficit this year of SFr3bn (\$2bn), 50 per cent above last year's deficit and more than double the original

The governments of most Swiss cantons and the larger local authorities have also plunged into deep deficits in the past two years because of the impact of the recession on revenues and spending as

well as higher borrowing costs. By international standards Swiss public finances are still strong. Outstanding debt of all three levels of government is about 35 per cent of gross equivalent to only 2 per cent of

been expressing growing governments at all levels to SFr2.47bn.

responsibilities even though the Swiss people, who have the final word on tax changes via plebiscites, have tended to

reject proposals for higher The Finance Ministry said that federal spending would grow more than 7 per cent this year to about SFr38bn, mainly because of higher outlays by

various ministries. Meanwhile, revenues were growing at only about 4 per cent, and were expected to end up to SFrlbn below the SFr31.9bn budget.

The higher budget deficit together with increased financing needs of the unemployment insurance fund has forced federal government borrowing to rise threefold this year to SFr9bn.

combined budget deficits are it was projecting a higher than previously forecast 1993 deficit of around SFr3bn. Mr Otto However, economists have Stich, the finance minister, estimated in October that the 1993 deficit would decline to

No regrets, says ousted reformer

By Leyla Boulton and John Lloyd in Moscow

THE man President Boris Yeltsin called "the cleverest Russian prime minister in decades" was yesterday viewing his removal from the worst job any man could want" with equanimity and good humour.

Although he never expected to stay in the job as long as he did, Mr Yegor Gaidar wishes he could have remained longer. The man who headed Russia's drive to reform its economy on market lines believes this would have allowed him to safeguard the mass privatisa-

tion campaign. In his first full interview since being rejected by the Congress of People's Deputies and abandoned by President Yeltsin last week, Mr Gaidar said the privatisation programme was at a crucial stage. it...through just a few careless movements."

Speaking in his new office as head of the Institute for Economic Problems in the Transitional Period, he admitted that his repeated attempts at finan-



Mr Chernomydin, Russian prime minister, presents a draft law on government appointments in a speech in Moscow yesterday

cial stabilisation had amounted

to improvisation. But he had little time for the sort of pro-inflationary policy likely to be embraced by his successor, Mr Viktor Chernomyrdin, saying it would probably make co-operation with the International Monetary Fund "difficult for some time"

Unlike his foreign advisers, he refused to attack the west for not providing more support for his reforms - "I never

expected anyone to solve our own internal problems" - even though he admitted he had used western promises of assistance as a political weapon to

defend his reforms. Mr Gaidar said he had no

political ambitions but life 'was very long".

And among his bank of telephones is a direct line on which President Yeltsin, whose adviser he remains, can contact him at any time.

Brittan begins to clear his in-tray

SIR LEON BRITTAN, outgoing EC competition commissioner. is to propose today a series of decisions to fellow commissioners in a drive to clear his desk before he takes on new responsibilities in January.

Sir Leon is due to take over the post of external trade commissioner from January 6, handing over competition policy to Mr Karel Van Miert, the Belgian socialist.

At a meeting today the Com-

impose heavy fines on an EC-West Africa shipping cartel. approve guidelines for allowing national courts to examine competition cases, and authorise exclusive supply/sales agreements between the German coal industry and electricity generators.

Sir Leon began to clear his third parties renting lines. in-tray yesterday by condemning Ford New Holland, the tractor manufacturer, for allegedly bullying its dealers and trying to restrict the "par-

vehicles to other national markets. Ford has been told to end such restrictions immediately.

fle also announced the Commission would look into telecoms groups' charges for rental and servicing of dataswitching networks to see if they discriminated against Proposals on the table today

 Clarification of national courts' rights to investigate alleged cartels and the abuse

mission will be asked to allel" import and export of of companies' dominant

• Fines on EC shipping companies for operating a cartel between Europe and West Africa, following up an earlier decision to impose fines on an alleged shipping cartel between France and Africa; Setting a new ceiling on state aid to shipbuilders; • Approval of Germany's

"Jahrhundertvertrag", under which German electricity suppliers must buy a set amount of subsidised local coal.

Amato rules out early return to ERM

Italy cuts discount rate again

THE Bank of Italy yesterday announced a cut of one percentage point in the discount rate, from 13 per cent to 12 per cent, writes Robert Graham in Rome. It is the third reduction since the rate was raised to 15 per cent to protect the lira in

September. The new rate, effective from today, is now back to that of December 23 last year. The Bank of Italy has been under pressure to cut interest

rates to force the banks to from the European exchange lower lending rates to industry, increasingly hard hit by Yesterday Mr Giuliano recession and high debts. With growth projected optimistically in 1993 at 0.8 per

be the bleakest year for more than a decade. The three cuts in the discount rate would have been impossible if the lira had not been in free float since its

devaluation and withdrawal

Amato, the prime minister, ruled out a return of the lira to the ERM early in 1993. cent, industry fears 1993 will He said it was unrealistic to

expect the lira to re-enter the ERM while currency markets remained unstable. Although no timetable was fixed, offi-cials had initially indicated a return to the ERM would be possible by year's end.

Delors reshuffles the European Commission pack

David Gardner and Andrew Hill examine the prospects for success of the Community's new team at the top in Brussels HERE WAS no blood until now in charge of competi-Sir Leon's approach was too detectable on the carpet

of Brussels' Egmont Palace yesterday morning after Mr Jacques Delors, president of the European Commission. shuffled the portfolios and gave his 16 fellow commissioners their jobs for the next two Prior expectations inside the

Eurocracy of histrionics and tantrums were misplaced. A mere ceremonial 15 minutes did the job because by last weekend the hard bargaining had been completed. What has emerged is a reasonably balanced Commission,

with a strong foreign and trade policy team, a marginally higher political profile, a pragmatic approach to competition and industrial policy, tight budgetary control, and little sign of priority being assigned to areas such as environment and social policy, which the previous executive had high hopes of developing.

Mr Delors, of course, remains the primus inter pares of the 17-member college. But now he is flanked by four or five political heavyweights, against two or three at most in the outgo-

The heaviest hitters will be Mr Hans van den Broek, until this week the Dutch foreign minister, and Sir Leon Brittan, though Sir Leon's communau-

tion policy and a former British cabinet minister under Mrs Thatcher.

They divide between them the job that overwhelmed Mr Frans Andriessen, the departing Dutch external affairs commissjoner.

Mr Van den Broek, a Christian Democrat who chaired the council of ministers in the run-up to Maastricht and handled the early stages of the Yugoslav crisis, has two more big challenges. He will both develop the Commission's contribution to the EC's emerging common foreign and security enlargement, opening negotia-tions next year on EC entry with Austria, Sweden, Finland, and probably Norway.

Sir Leon, one of the most powerful members of the last Commission, will be in charge of trade policy, and economic relations with the industrialised world. China, east and central Europe, and the former Soviet Union.

He had wanted charge of enlargement too. But the federalist majority of the 12 suspicious of the UK's attempts to 'widen" the EC at the expense of "deepening" it felt more comfortable with the integrationist Mr Van den Broek, even



tains credentials are now wellestablished. Both men, however, are Atlanticist and freetraders, boding well for rela-tions with the US. Senior Brussels officials say they themselves agreed on their share-out last week, and should be able to work in rela-

tive harmony. Mr Manuel Marin, a Spanish socialist, takes full charge of development and humanitarian aid, adding relations with the south Mediterranean, Middle East. Asia and Latin America to his previous responsibilities for the Lomé convention coun-



tries of Africa and the Carib-

Conventional wisdom yesterday was that the loser in this share-out was Mr João de Deus Pinheiro, the well-regarded former conservative Portuguese foreign minister. Formally he will be in charge of relations with a strengthened European parliament, and "with member states with regard to openness. communicaton and information". Mr Pinhelro, however, wanted this job and could bring a high political profile to selling the EC as a more democratic body which is responsive



to its citizens - a sensitive task if the EC is to recover from its current unpopularity. Competition policy goes to Mr Karel Van Miert, the Belgian socialist who can claim high credit for liberalising EC transport policy, and, after the departure of the flamboyant Mr Carlo Ripa di Meana, for preventing a wholesale roliback of EC environment policy. Mr Van Miert is a pragmatic socialist like Mr Delors, with whom he is closely allied.

A transfer of the powerful competition portfolio was a top is reaffirmed as a central EC priority for France, which felt goal

doctrinaire, and impeded devel-opment of a French-style industrial policy. Mr Van Miert's appointment does not mean such a policy is coming; it does mean pure competition will not be the overriding priority it was under Sir Leon. r Martin Bangemann, a German liberal who yet raged against Sir Leon's "ayatollahs"

in the competition directorate, adds telecommunications and information technology to his industry portfolio. This falls far short of his ambition to create an EC version of Japan's Miti by adding trade policy to industry. But it gives a small fillin to efforts to develop an EC-wide industrial strategy. So too does the regrouping of part of training with basic research, under the new Italian socialist commissioner, Mr Antonio Ruberti, a former research minister and rector of La Sapienza University in Rome.

Mr Henning Christophersen, a Danish liberal, stays in the economic policy job he has done competently, which will become more important if Maastricht is now ratifled, and economic and monetary union

Mr Peter Schmidhuber, a German Christian Democrat. keeps control of the budget, adding the new Cohesion Fund for the poorer member states. But most of the new "cohesion" money will be managed at the regional policy directorate by Mr Bruce Millan, the former Labour secretary of state for Scotland, who stays in a job he has done with the quiet efficiency of a Scottish

accountant. Social affairs, which the Greek socialist and UK bête notre Ms Vasso Papandreou is vacating, goes to Mr Padraig Flynn, a former Fianna Fail Irish justice minister, along with a new job monitoring EC immigration policies.

Mr Flynn achieved notoclety at bome for his views against abortion, divorce and on the role of women, and his appointment was greeted with reserve in the Brussels social affairs directorate. Environment goes to Mr

Ioannis Paleokrassas, a conser-vative former Greek finance minister. A senior official who will be working with him was sanguine yesterday but pointed out that last time round his boss had to be revived with brandy on hearing of the appointment of Mr. Ripa di Meana - who put environment policy on the EC map.

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Airbus clinches \$3.3bn Singapore Airlines contract

THE European Airbus consortium yesterday clinched a \$3.26bn (£2.2bn) order from Singapore Airlines (SIA)

engines: SIA said.

The aircraft will be powered by CFM 56-5C4 engines jointly made by General Electric of the US and

for 20 of its latest Asso-ove business, end. The announcement coincines with long-range widebody airliners, end. The announcement coincines with long-one of the foughest years in the cartification of the A340 yesterday aircraft maker's 20-year history on a by the European Joint Airworthiness Authorities, grouping 18 countries an intensive flight test positive note ness Authorities, grouping 18 countries, after fighting off a strong challenge from Boeing, Airbus said SIA programme. The US airworthiness had signed a contract involving firm authorities are expected to certify orders for seven A340-300s and the sircraft in the next two months.

included the cost of speres and spare the blow to Airbus earlier this month when Northwest Airlines, its biggest single customer, cancelled firm orders for 74 aircraft, comprising 24 A340s and 50 narrow-body

> SIA says it intends to use its new A340s, which will be delivered between 1996 and 1998, to carry 271 passengers in three classes on long-distance routes such as Singapore-Paris that do not justify the

larger Boeing 747-400 jumbo. The A340 will enter commercial

The SIA contract has partly offset service for the first time next spring with Lufthansa of Germany and Air France. It has the longest range of any commercial airliner in the world, flying up to 9,000 miles with a full payload on 16- to 17-hour non-

stop flights. The European Airbus consortium, whose partners are British Aerospace (20 per cent). Aerospatiale of France (37.9 per cent), Deutsche Aerospace (37.9 per cent) and Casa of Spain (4.2 per cent), reached a preliminary agreement with SIA for the A340 order in August 1991.

McDonnell Douglas MD-11 three-engine airliners, but decided to switch to Airbus because it said the MD-11 did not meet its range and payload requirements.

However, SIA delayed completing the deal with Airbus partly because concerns about the A330's long-distance capabilities. This encouraged Boeing to bid for the SIA deal with its new 777 twin-engine widebody airliner.

But after some adjustments to the aerodynamics of the A340, Airbus transport industry recession.

SIA had originally planned to buy appears to have satisfied SIA's range and payload requirements.

The European consortium is now stepping up its challenge to Boeing's dominance of the large long distance airliner market with the four-engine A340 and its sister aircraft, the twinengine A330.

The SIA deal was regarded as particularly important because the airline is one of world's most profitable, and is based in one of the few markets which has continued to show sustained growth during the air

Japanese urge US to become less litigious

A SENIOR advisory body established to redefine the economic relationship between Tokyo and Washington deliv-ered a final report which urged the US to overhaul its education system, become less-litigious, and improve corporate management.

The Council on Japan-US Economic Relations, comprising prominent Japanese academics and executives, also proposed a new economic policy council be set up to super-sede the bilateral Structural Impediments Initiative. designed to remove "structural" obstacles to trade.

In the report to Mr Michio Watanabe, foreign minister, the council suggested the two countries study their trading patterns, and Japan "frame a theory" to explain its positive business practices, such as long-term planning and worker

The ministry intends to use the document to review its US policy, and will present the recommendations to other ministries, as the council conceded Japanese decision-making lacks transparency and the distribution system needs reform. Several US deficiencies were described. The council suggested policies be considered to encourage personal savings and capital spending, and improve the patent sys-tem, said to offer "excessive"

protection and hurt competi-

decided not to lay charges against 60 MPs from the ruling Liberal Democratic party who received shares in an illegal Y500m (£2.65m) donation from Tokyo Sagawa Kyubin, a scandal-tainted trucking company, Robert Thomson reports from Tokyo. appears to close the case book on the Tokyo Sagawa scandal, which has already seen the resignation of Mr Shin Kanemaru, the LDP's godfather, and highlighted the links between leading politicians and gangsters.

tion. The council, which includes Mr Akio Morita, Sony chairman, and officials from the Bank of Tokyo, Mitsubishi Cornoration and Toyota Motor, gave reasons why Japan has been unable to exercise political influence equal to its economic might.

"For Japan to take the initiative in fulfilling its new role as a responsible international leader, it is vital reform be implemented in the Japanese political and administrative systems. A revolution in people's thought at grass root is required, since leadership in external relations must go hand in hand with leadership in the domestic sector." Japan and other countries feared that in rebuilding its economy, the US might focus "narrowly" its own interests.



The foreign ministers of South Korea (left) and Vietnam sign documents yesterday at the government guest house in Hanoi to establish formal diplomatic relations

SOUTH KOREA AND VIETNAM ESTABLISH DIPLOMATIC LINKS

THE establishment of diplomatic relations yesterday between Seoul and Hanoi removes the main obstacle

to expanding Korean investment in Vietnam, writes John Burton in Seoul. Vietnam is the last country with which South Korea has forged ties as part of President Roh Tae-woo's policy to normalise relations with corrent and former socialist nations. South Korea had delayed stablishing formal relations with Vietnam in deference to US wishes

soldiers during the Vietnam war be resolved. More than 310,000 South Korean troops were involved in the war against Hanoi.

Seoul, however, has allowed Korean companies to make limited investments in Vietnam. There are more than 30 Korean concerns with branch offices in Vietnam. Authorised Korean investments totalled \$84.4m (£55.5m). making South Korea Vietnam's seventh-largest foreign investor. Trade has also expanded from \$77m in 1988 to more than \$440m this year,

making Vietnam Korea's third largest trading partner in the former socialist bloc after China and Russia. The trade surplus is heavily in Korea's favour.

Analysts believe that Vietnam will compete against Indonesia and Thailand for Korean investment in south-east Asia in the next few years.

"We prefer to invest in countries, such as Vietnam and Myanmar [Burma] in south-east Asia, where the Japanese are not dominant," explained Mr Bae Soonhoon, president of Daewoo Electronics.

Medium-sized Korean textile and toy producers have so far been among the biggest investors in Vietnam.

Korea's leading industrial groups are awaiting the lifting of US economic sanctions against Vietnam, which will permit international financial institutions such as the World Bank to provide credit for infrastructure

All of Korea's big construction companies are seeking contracts to build or repair roads and port

Growthin supply declines

1

100

steps up

By Nicholas Denton in Budapest

THE HUNGARIAN govern ment intends to follow up on the success of its latest two privatisations with up to 20 more launches next year, a minister announced yesterday.

plan in 1998 to float 10 to 20 state companies, including Matav, the national telecommunications utility, said Mr Tamas Szabo, privatisation

The authorities' affection for popular privatisation comes as a political reaction is gaining force against the predominance of foreign investors, which have provided 70 per cent of Hungary's Ft87bn (\$810m) privatisation proceeds in the year so far. Nevertheless, Mr Szabo admitted yesterday that few Hungarian companies were suitable candidates for the

purchase on easy terms run-of-the-mill companies which cannot be floated.

The new wave of privatisations has gained impetus from the share offering this month of Dannbius, a hotel chain, and Pick, Hungary's leading salami success.

ius issue in particular showed to the Hungarian authorities that tax preferences, easy payment terms and bonus shares could draw the public to invest in privatisation.

slovakia's ambitious privatisation scheme was a success with nearly 93 per cent of available shares sold, officials said yesterday, Reuter reports

Some 21.55m shares (7.2 per cent) remained unsold from the 299.39m offered early in the year when the scheme started with 8.54m people, more than half of Czechoslovakia's popu- women's and black groups. lation of 15m, participating.

Hungary | Court rejects appeal to reverse | IMF expects decline in | Australian

Littleichns in New York

the government to reverse its expulsion of 415 Palestinians to Lebanon as the army again deportees made further held territory.

Israeli and Lebanese forces.

blow" to Middle East peace

talks which the Palestinians minister, told a meeting of the say they will boycott until the Knesset foreign affairs and deportations are reversed.

president, said he regretted the

in New York, Mr Boutros Boutros Ghali, UN sec-retary-general, said he would

The deportees yesterday returned to the makeshift camp they set up soon after they were expelled last Thursday. Lt-Gen Ehud Barak, the army chief of staff, told the High Court they could face warning shots if they tried to return to Israeli lines. Extra Israeli troops were sent to the area and the road to Israeli-occupied areas of south Lebanon was mined and blocked. Mr Yitzhak Rabin, the prime

defence committee that he had authorised the use of live fire, which reporters at the scene said injured at least two of the deportees. "To the best of my knowledge, not one person was hurt," Mr Rabin asserted.

He will today come under pressure from ministers to take balancing measures to offset the damage to Middle East peace talks caused by the deportations row.

Top Labour party figures

world economic growth |satellite

THE International Monetary Fund yesterday responded to fresh evidence of global economic weakness by sharply revising down its growth projections for next year.

trial countries growing at only 2 per cent next year, nearly a full percentage point slower than estimates made in September.

Most of the downward revicent rather than 2.6 per cent. The US remains a bright spot with projected growth of 3 per

The US National Bureau of Economic Research yesterday declared the recession ended in March 1991, eight months after it began in July 1990, Michael Prowse reports. It delayed its decision until yes-terday's revised figures from the Commerce Department showing that the economy had surpassed its pre-recession peak. The figures confirmed real gross domestic product growth at an annual rate of 3.4 per cent in the third quar-

ter compared with a previous

estimate of 3.9 per cent. cent, a reduction of only 0.1

vanishes

By Daniel Green in London, Kevin Brown in Sydney and Yvonne Preston in Beijing

A \$140m (£92.1m) satellite disappeared shortly after it was launched from south-west China on Monday. The loss endangers part of Australia's communications infrastructure and renews doubts over the capabilities of China's fledgling commercial launch industry.

The Chinese Aerospace Ministry said the loss was caused by "a satellite problem, not a launching problem". China was "not responsible for the loss of the satellite". But the Californian builder of the satellite, Hughes Aircraft, said it had not ruled out a fault in the launch.

Inquiries have been set up in China and California which could take several weeks to report conclusive findings. A finding against China could smother its recently successful tracts by offering cut-price

launches.
Optus Communications, the Australian telecommunications carrier that owned the satellite, needed it to replace one launched in 1985. It would have provided direct TV broadcasting, mobile and data communications and video confer-

Mr Ian Boatman, Optus chief operating officer, said disrup-tion to users would be minim-ised by re-allocating capacity on existing satellites. But Australian analysts said the loss would reduce Optus' ability to compete in the Australian mobile phone market, and reduce the quality of service available to its broadcasting, defence and civil aviation cus-

The loss could also force the postponement of plans to introduce subscription TV in Australia if the launch of a replacement satellite is delayed more than 18 months. Optus is owned by BellSouth of the US, Cable & Wireless of the UK, and Mayne Nickless,

It was licensed to compete with AOTC, the governmentowned telecoms carrier, after it bought Aussat, the government's loss-making satellite

flight to Tripoli from the eastern city of Benghazi. Libyan Arab Airlines flight 1103 crashed at 10.07am local time, the official news agency Jana said. Foreigners were among the dead, the agency added. Neither Jana nor the airport offi-cial could say how many. Troops move on two

Air crash

in Libya

157 dead

A LIBYAN Boeing 727 crashed yesterday, killing all 157 people

aboard, official sources said,

Reuter reports from Tunis. An

official at Tripoli airport said

the aircraft was on a domestic

leaves

Somali towns About 1,000 US Marines and French troops rolled out of Mogadishu yesterday to secure two more towns in Somalia's starving interior for Christmas Day, Reuter reports from Mogadishu. At the same time the US Task Force command in Somalia said fewer American troops would be required in

Operation Restore Hope than originally expected. The Christmas push was confirmed by a US spokesman, who said the American-led multinational force in Somalia would enter Bardere tomorrow. and secure Hoddur at first light on Christmas Day.

Mr Boutros Boutros Ghali, the United Nations secretary-general, again called on Washington to disarm warlords and gangs in Somalia and said American troops should fan out through the country and not limit themselves to the

Opposition backs Kenya poll charges

Kenya's opposition yesterday stepped up the row over allegations that the government is using state funds for the election campaign of Kanu, the ruling party, writes Michael Holman in Nairobi.

The charge has been denied, but FORD Kenya, one of the country's three main opposition parties, returned to the attack, challenging the government to publish a breakdown of central bank lending.

The party has accused the central bank of excessive lending to five banks with government connections, which in turn allegedly on-lent to organisations or individuals sympathetic to Kanu.

Bush and Yeltsin discuss N-pact

Presidents George Bush and Boris Yeltsin held their second telephone conversation in two days on Monday to try to nail down a treaty making deep cuts in strategic nuclear weapons, US official sources said yesterday, Reuter reports from Washington

"It's getting there. It's not a done deal yet but it's getting there," one official said of prospects for agreement on a new strategic arms reduction treaty (Start-2) before Mr Bush leaves office on January 20.

Mr Yeltsin surprised Washington last week when he said a Start-2 agreement was in hand and would be signed before Mr Bush hands over power to President-elect Bill

Murder verdict in US-Mexico drug case

The brother-in-law of former Mexican president Luis Eche-verria has been found guilty of conspiring to murder Mr Enrique Camarena, an official of the US Drug Enforcement Agency (DEA), in a case that led to a sharp dispute between Mexico and the US, Damian Fraser writes from Mexico

City. Mr Ruben Zuno Acre was tried with the Mexican doctor Mr Humberto Alvarez Machain, who had been kid-napped by agents working for the DEA in 1990 to face charges in the US. The case against Dr Alvarez Machain was dismissed by the judge last week. The kidnapping of Mr Alvarez Machain and subsequent trial infuriated the Mexican govern-

Collor defence The head of the impeachment

proceedings against Brazil's suspended president Fernando Collor de Mello named a former attorney general yesterday to defend him after Mr Collor forced a week's delay in his Senate trial, Reuter reports from Brazilia. Supreme Court President Sydney Sanches, who is overseeing the impeachment, named Mr Inocencio Martires Coelho as Collor's new defence attorney and put off his trial for a week.

sell-offs By Hugh Carnegy in Jerusalem and Michael

The privatisation authorities minister.

Budapest stock market. The other prong of the conservative government's privatisation strategy is therefore to allow the Hungarian public to

Mr Szabo said the government had decided to stimulate domestic investor interest in privatisation by opening to the public a low-rate and long-maturity "existence" credit facil-

producer, and their unexpected The popularity of the Danub-

• The first round of Czecho-

from Prague.

Israeli expulsion of Palestinians

that the issue of missing American

ISRAEL'S High Court last night rejected appeals to force threatened to open fire if the attempts to return to Israeli-

A seven-judge panel ruled against petitions from civil rights lawyers that Israel had a responsibility to take back the alleged Islamic fundamentalist militants because Lebanon had refused to accept them, and because their lives were in danger as they were stranded in no-man's land between

The decision was not a surprise. But Mrs Hanan Ashrawi. the Palestinian spokeswoman, said it was a further "heavy

Mr Hosni Mubarak, Egyptian deportations but said the peace talks should continue.

send Mr James Jonah, an under secretary general from Sierre Leone, to Israel for talks and Israel later said it would accept the mission.

will hear calls for Mr Rabin to start an unprecedented direct dialogue with the Palestine Liberation Organisation. Mr Rabin is unlikely to sanction talks with officials from the PLO's Tunis headquarters but he might consider talks with Mr Faisal Husseini, the senior PLO-associated figure in the occupied territories who has been barred by Israel from attending the peace talks.

By Michael Prowse

Its latest figures show indus-

sion reflects the IMF's growing pessimism about the outlook for Japan and Europe. Japan is now expected to grow by only 2.4 per cent against a previous projection of 3.8 per cent. EC growth has been revised down to 1 per cent from 2.3 per cent. The biggest single revision was for Germany, which is now expected to grow at 0.6 per

percentage points.
Staff said the revisions reflected a reassessment of the negative impact on private spending of falling asset prices. adverse effects of persistent high real interest rates in Europe and Canada, and uncertainty in European exchange

Pattern of early appointments displays a determination to follow his own counsel

Clinton shows himself ready to pass over liberal special interests

credit was being accorded to his

selection of two women among his first appointments - Ms Laura Tyson to chair the White House Council of

Economic Advisers and Ms Carol

Browner to run the Environmental

Protection Agency. "They would have

been counting those positions against our administration. . if I had chosen

By Jurek Martin, US Editor,

THOSE who thought Bill Clinton would be a pushover for every liberal special interest group in America have been given a sharp reminder that the president-elect is more than capable of following his own counsel in choosing the senior members of his new

government. This was made very clear on Monday afternoon when he sharply attacked women's groups for complaining that his cabinet-to-be was failing to live up to his promise that his government would be "more like America" in its representation of women and ethnic minorities.

Mr Clinton accused his critics of being "bean counters," more interested in "quota and maths games" than in getting the most qualified people in the right jobs. He took particular satisfaction in the fact that his energy secretary-designate, Mrs Hazel O'Leary, the black vice president of a Minnesota-based power utility, appeared on none of the lists of recommendations sent to him by

He was also incensed that insufficient

white men," he said.

Mr Clinton also flatly denied that he had succumbed to pressure from special interest groups in not appointing, as at one time was expected, Mr Tim Wirth, the outgoing Senator from Colorado, to the energy position. Mr Wirth, who issued a dignified statement praising the appointment of Mrs O'Leary and

government, the president-elect said. Republicans in the Senate have promised tough confirmation scrutiny of Clinton appointees, in part in revenge for the rejection by Democrats in 1989 of the late Senator John Tower to be President Bush's first secretary of defence. Some vicious and unsubstantiated rumours about Mr Wirth's connections to the cable television and savings and loans

who may yet be in line for a foreign

policy post, would be welcome in his

Washington.
Mr Wirth himself, who had established a substantive legislative record in Washington as congressman and senator for 18 years, was taking a philosophical view of his non-appointment on Monday night. It is possible that the energy department

was not his first choice in any event. A striking aspect of the new Clinton team is the extent to which it mixes Washington experience with outside talent, with many of the latter members enjoying long and close relations with either the president-elect or his wife, Hillary.

This is certainly the case with Mr Richard Riley, the former governor of South Carolina picked to be secretary of education. Mr Riley and Mr Clinton cut their spurs together as southern governors from 1979 onwards. Equally, Ms Donna Shalala, who will run health and human services, has worked closely with Mrs Clinton on such issues as

children's rights. Nevertheless, the "more like America" pledge is a petard on which some would like to see Mr Clinton remain hoisted. Of his first 13 appointments, not all of whom have Hispanic appointment is in the offing, industries have been circulating in Cabinet rank, five are women, two are according to Mr Clinton himself.



Hazel O'Leary speaking after her the Australian transport nomination on Monday night

black, including a black woman, and one is Hispanic. A woman is likely to be the next attorney general and another

and political staff

MR MICHAEL HESELTINE. trade and industry secretary, yesterday rebuffed calls for mining to re-start at 10 coalmines facing immediate shutdown - in spite of the High Court ruling this week that the closure plan had been conducted unlawfully.

He said the High Court had been concerned about the, independence of the consultation process that is underway". British Coal, which is considering whether to appeal against the judgment, said there was no requirement to resume production at the ten pits.

Mr Heseltine's political embarrassment continued as rank and file Conservative MPs made clear that the government could not afford further mishaps in its energy review on which the future of a total of 31 pits depends.

Sir Rhodes Boyson, Tory MP for Brent North, said: "The government's reaction to the High Court judgment on the closure-threatened pits must centre on the need, at a time of heavy and increasing unem-ployment, to save all viable

Mr Paddy Ashdown, Liberal Democrat centre party leader, joined opposition Labour party calls for the trade and industry secretary's resignation, saying that the court ruling went to the heart of Mr Major's approach to government. 'After 14 years in power, the Conservatives are perverting the very system which made

Labour, which is pressing for the 10 pits facing immediate closure to be included in the government review, said it was winning the battle for public support. Mr Robin Cook, opposition trade and industry spokesman, delivered to Downing Street a 600,000 name petition calling for the pit closure

programme to be reversed.

British Coal said it was considering how to comply with a High Court requirement that greater independence be given to the procedures for assessing pits before shutdown. It said 5,460 miners have applied for redundancy since October 13. receiving average compensation of £25,000 each. But the redundancy rate is slowing, and unions hope that this week's ruling will stop it alto-

Mr Mark Stephens, lawyer for the National Union of Mineworkers, said Mr Heseltine bad "made a fatal mistake by his incredibly high-handed behav-

The 113 miners at Betws colliery, south Wales, the only one of the 10 most threatened pits still producing coal, will today do their final shift before the holiday break, but now hope to resume work in the New Year.

Mr Mike Reynolds, NUM lodge secretary, said the High Court decision had given the pit "a further breathing space to prove this is a viable pit, producing anthracite coal for which there is a very good

The struggle for power under the Channel

The UK government may find it difficult to resist taxing French power sales despite the single market, writes David Lascelles

shut off the cross-Channel cable which enables Electricité de France, the stateowned French utility, to sell power into the UK grid.

The attraction is that France's exports are equivalent, by the estimates of British Coal, to 6-7m tonnes of coal

By a rough rule of thumb, that is the output of six or seven pits, or 6,000-7000 miners. Moreover, EdF is widely thought to enjoy state subsidies which give it an unfair advantage over UK sources of fuel which have to operate unaided.

Mr Michael Heseltine, the trade secretary who is reviewing the controversial pit closures, has promised to look at the French interconnector, so he may act to alter its role, though his scope for action is not as wide as the coal lobby seems to believe. The interconnector was

opened in the early 1980s with a capacity of 2000MW - about the size of two large power stations. The intention was to enable the British and French electricity grids to balance out peaks in demand. But EdF was more aggressive than the for-mer state-owned Central Electricity Generating Board, and by the late 1980s the traffic ame largely one-way.

When the UK electricity industry was privatised in 1990, EdF became a member of the electricity pool - the market through which bulk power is sold in the UK. It also negotiated individual contracts with all 12 of the regional companies in England and Wales, and one Scottish company. These arrangements expire

POPULAR solution to next March. And there is presthe coal crisis is to sure from the British side to prevent EdF negotiating new ones. The Coalfield Communities Campaign (CCC), one of the most active pro-coal lobby groups, demanded at the House of Commons select committee inquiry last month that baseload electricity imports be stopped and the link be reduced to a peak balancing role. The CCC also raised allegations that EdF was dumping electricity on the UK market.

Other lobbyists have called for the link to be used to export UK electricity to France and countries beyond. A rever-sal of the flow through the link could create demand for an additional 15m tonnes of coal, they argue.

But EdF has begun to mount counter offensive. Rarlier this week, its head of European sales, Mr Jean-Pierre Guery, was in London for talks. He said EdF intended to go ahead with negotiations for new contracts, and he rejected suggestions that his company was able to sell electricity at subsidised prices.

One of his main arguments was that EdF's sales help keep UK electricity prices down. So cutting the link would only damage the UK consumer. Nor would banning imports necessarily lead to more coal being burnt. This is because the south of England, where the French connection is made, depends heavily on oil-fired stations. Although the English grid draws on all power stations, there is a bottleneck between the coal-fired stations

in the north and the heaviest demand in the south. The main question Mr Heseltine will have to address is whether the UK even has the

Leading members of the opposition Labour party - Glenda Jackson (left), Robin Cook and Dennis Skinner - yesterday delivered a petition to No 10 protesting at the government's pit programme. The petition, signed by 600,000 people, was delivered in coal sacks

right to ban imports. The EC's to price competitively in the single market officially comes into being on January 1, and it would be hard for the UK to erect a barrier to electricity, particularly since it has been one of the champions of a single market in energy.

Mr Guery, moreover, pointed out that the original agreement creating the link gives EdF contractual rights which it would seek to protect. Nor was Mr Guery encouraging on the prospect for UK electricity exports. He said that UK generators were unlikely to be able

Freuch market. Nor could they export through France to third countries because the transit costs would be too high. But he did foresee the link resuming its balancing role eventually.

Although EdF seems intent on keeping the traffic one way, at least for the time being, there is little the government can do about it without triggering a major diplomatic incident. One measure does, however, seem likely.

At the moment, French electricity is not subject to the tax on electricity bills to pay for decommissioning nuclear power stations. EdF's critics say that EdF can charge prices which reflect the levy, but pocket the difference.

Mr Guery denies that this happens. But the lure of subjecting French sales to extra taxation is one Mr Heseltine will almost certainly not be able to resist

 THERE WAS confusion last night over plans for the UK's largest orimulsion-burning

power plant after the plant's

the pollution authorities that they had withdrawn their application for authorisation. Her Majesty's Pollution Inspectorate said that National Power had withdrawn an application to burn orimulsion - a by-product of bitumen - at its Pembroke plant. National Power said it was seeking more time to respond to an earlier HMIP call for stronger environmental safeguards. A spokesman said NP was still investigating the commercial

Plastic card groups cleared

By John Gapper, Banking Correspondent

CREDIT and debit card companies operators have escaped an investigation by the Monopolies and Mergers Com-misson into the fees they charge retailers, but face further scrutiny by the director general of fair trading.

Sir Bryan Carsberg, the director general of fair trading. announced yesterday that he had decided not to refer credit and debit card markets to the MMC. He said he would himself inquire into three possible unfair practices.

The decision was welcomed both by banks and the retailers who have made a series of complaints about charges over the past two years. The most recent complaint over debit card charges was made by five supermarkets this summer.

Sir Bryan said that Office of Fair Trading inquiries had not • Retailers have to honour all found collusion over increases

in fees among the banks which issue credit and debit cards. Nor was there evidence that the issuing banks were making excess profits.

The most recent controversy over debit card charges was sparked in June when Asda, Gateway, Safeway, J. Sainsbury and Tesco complained about a rise in the fee charged on each Switch card transaction from about 5p to 11p.

card transactions has narrowed to about 1.5 per cent of each purchase for big retailers because of increased competition among banks to carry out processing. This followed the 1989 MMC report on credit

Sir Bryan said he would review the workings of the credit and debit card markets in two years. Meanwhile, he would inquire informally into three practices:

credit cards of brands such as

If you're

pursuing wealth abroad take a guide book.

alnternational

est apportunities for those living abroad.

Young, single

aiready realised The international's other great benefit –

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il's absolutely free. To july them simply complete the free

Visa and Mastercard, and are also subject to minimum fees on some transactions. Sir Bryan said he was concerned that this might mean "inflexible and unresponsive" pricing. Although retailers can charge different prices for pur-chases made by credit cards rather than cheques or cash,

said this seemed "an anomaly" The fee charged on credit and he would ask if it could be removed. Only banks are allowed to act as the "merchant acquirers" who carry out card processing and transactions on behalf of retailers in return for a fee. He said he would ask if

more merchant acquirers could

this cannot be done for debit

and charge cards. Sir Bryan

enter the market. Mr Colin Smith, chairman of the committee of retailers which complained about debit card pricing in June, said the retailers looked forward to cooperating in the inquiries he

had proposed.

Britain in brief



Cable group forms venture with Japanese

BICC, the UK cables The Cabinet Office is inviting company with Furukawa Electric and Nippon Telegraph of Japan to make optical components for European telecom-

munications markets. The company, Europtics, will operate from Knowsley, Merseyside. About 30 people will be employed when it opens next September but more than 120 jobs are forecast by the end of 1995.

The government has announced regional assistance of £900,000 for the project. The companies are refusing to disclose the total value because of a commercial confidentiality agreement with the Japan

Rifkind backs Ulster ceasefire

The government is looking for a permanent IRA ceasefire and not just a Christmas truce, according to Mr Malcolm Rif-kind, defence secretary.

The vast majority of people on both sides of the IRA border he said, yearned for a complete end to the violence. Speaking in Belfast, Mr Rifkind, who had talks with the Lt Gen Sir John Wilsey, and soldiers based in the province, said: "What we are really concerned about are not temporary ceasefires, but a permanent one. A permanent end to violence.

Confidence on increase'

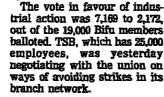
Confidence among UK business leaders has surged in the last two months, according to the Institute of Directors. although the improvement has only restored optimism to the same levels recorded a year

An IoD business opinion survey conducted in November and December shows that 38 per cent of directors say they are more optimistic about the conomic outlook, compared with only 10 per cent in October. The IoD called for a further cut in interest rates to help "build on the foundations" for recovery.

Protest action likely at TSB

The Banking, Insurance and Finance Union said that it expected to call industrial action in TSB after employees voted to protest at the loss of

840 jobs from the merger of its insurance and retail banking operations.



Conference on market-testing

manufacturer, has formed a senior business executives to a conference in London next month to encourage them to bid for the £1.5bn of central government services to be put out to tender before the end of

> Under the market-testing programme launched last month, more than 44,000 civil servants will have to compete for their jobs against blds from the private sector.

The government expects to make savings of 25 per cent of the value of the services put out to tender, even when the contract is won by the existing

Workers get festive bonus

Employees of Britain's Automobile Association working on Christmas day will receive four times their normal pay rates.

Other companies provide a mix of higher pay and compen-satory time off for workers over the festive season, according to a survey of practices in 80 companies on issues including holiday pay, compensation for working on public holidays, restrictions on the timing of holidays and carrying over unused entitlement from one year to the next.

Insurance broker fined Fimbra, the insurance brokers

regulator, has imposed a fine of £25,000, one of its biggest ever, on a broker which had specialised in risky home income plans for the elderly. The company, Aylesbury Associates, has not traded since July last year, when its rship was suspended. It quoted pensioners annual growth rates of 15 to 25 per cent, which were far in excess of prevailing regulations, and were not achieved.

Salmon nets to be phased out

The centuries - old tradition of drift net fishing for salmon off England's north east coast is to

be phased out. be phased out.

The National Rivers Authority was invited by the Ministry of Agriculture, Fisheries, and Food to draw up plans to phase out the 143 drift assessation. licences between Holy Island in Northumberland and the Humber Estuary

Europe minister will resign

By Ralph Atkins

MR TRISTAN Garel-Jones, the foreign office's minister for Europe who has played a cen-tral role in heading off Tory Euro-sceptics' attacks on the Maastricht treaty, is to resign next year. Mr Garel-Jones has a low

public profile but is a close political ally of Mr John Major, who, in the past year, has seen two other allies leave Whitehall - Mr Chris Patten, now governor of Hong Kong, and Mr David Mellor, former

National Heritage secretary. He announced his unexnected decision last night, tellng the prime minster in a letter that, "you have known for some time that I hanker after a

change". His decision is a setback for Mr John Major who has suffered a bruising parliamentary

session since April's general election. Mr Garel-Jones is an expert

authority on the contents of makes clear Mr Major's decithe Maastricht treaty and, from his past job as a government whip (in charge of party discipline), on tactics for its ratification by Parliament. However, he will remain in office until the bill has completed its Commons' stages -

probably in late Spring.
Whitehall colleagues in the government administration and officials were adamant last night that Mr Garel-Jones' was other interests. Before joining the Foreign Office in 1990 he was a government whip for eight years, often working gruelling hours. He remains MP

For anti-Maastricht MPs his. decision was not a cause for much regret. Mr Bill Cash, Tory MP for Stafford, said Mr Garel-Jones was a "formidable

adversary? The decision to make the announcement last night

for Watford, just north of Lon-

sion not to reshuffle his Cabinet or lower ministerial ranks until after January at the earli-

Mr Garel-Jones told the prime minister in 1991 that he wanted to return to the backbenches after the general election. He was persuaded to stay for Britain's European Community presidency and the build up to the Edinburgh EC summit - and now for a few months longer

delays in ratifying Maastricht. In his letter, Mr Garel-Jones wrote: "I want to spend more time at home and in my constituency. I also hope to resume some of my personal interests - even perhaps buy some more pictures.

Replying, Mr Major said: "Your contribution at the Foreign Office, especially during the British presidency, has been immense, and played a considerable party in the outcome at Edinburgh last week."

Deficit widens after devaluation

By Peter Marsh. Economics Staff

THE rising costs of imports resulting from sterling's devaluation led to a sharp increase in the visible trade deficit for November, the Central Statistical Office said yesterday.

The worsening in the deficit was offset by record exports, indicating many manufacturers are holding their own in world markets in the face of difficult trading conditions. In terms of underlying vol-

umes, which strip out the effects of price changes, revised figures from the CSO indicate that imports are rising more slowly than had been

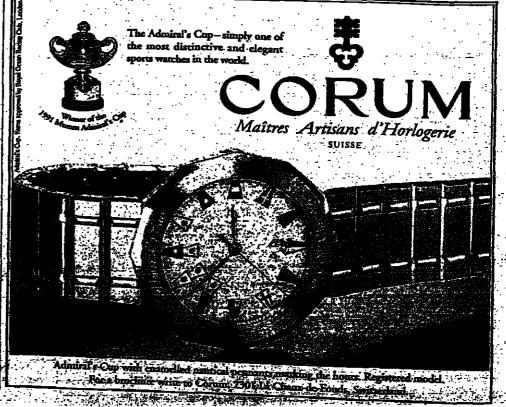
thought a month ago. This raised hopes that the pace of the recent deterioration in the trade deficit may be slacken-November's seasonally

adjusted deficit on merchandise goods and oil - the visible trade gap - was £1.39bn, compared with a revised £1.16bn in October. Last month's figure was the highest since July Taking into account an

assumed £200m surplus on invisible trade - services, bank transactions, dividends and other transfers - the deficit on the current account in November was £1.19bn. That compares with a revised £955m

for October, and is the biggest monthly number since April. In November, the value of imports was £10.57bn, 2.7 per cent higher than the figure in October of £10.29bn. The November import bill was the highest for 31 months.

Exports rose in value last month to £9.18bn, 0.5 per cent higher than the corresponding value in October of £9.13bn In the three months to the end of November, the current account deficit was £2.78bn. after £2.46bn in the June-August period. The current account deficit for the first 11 months of the year stands at £10.28bn, compared to £6.32bn for the whole of last year.





ake a thigh smacking principal boy who happens to be a girl, a balloon-bo-somed matron who turns

somed matron who turns out to be a man, a stage-trained spaniel and a string of sansages and what have you got? — a traditional British pantomine.

The challenge of mounting one of the dozens of pantos now showing daily the length and breadth of the country may appear no different country may appear no different from putting on a conventional stage production.

But the seasonal task of whipping up a slapstick mix of old chestnuts

and oven-fresh farce would cer-tainly test the organisational skills not to mention the patience of

any corporate manager.

Given a sales team (cast) usually entirely unknown to each other, a product (storyline) which changes shape by the hour and an immov-able launch deadline (first night), putting on Puss in Boots can be anything but a pantomime.

Not surprisingly, some pantophiles insist that, to do the job well, the producer requires an extra-spe-cial characteristic. "I call it certifiable lunacy," says

Sheron French, a part-time teache sheron French, a part-time teacher who has organised amateur pantos in Birmingham for so long she claims she gave Dan Leno, the famous 19th century dame, his (or was it her?) first break.

"If you can keep your cool, control a mob of budding prima donnas and still please the customers, then

I suppose you could run ICI," she

cheerily volunteers.

Amateur or professional, the same panto production burdles have to be jumped and everyone has to complete the course simultaneously. "We actually had only half

Do you keep your head when all around are losing theirs? Michael Cassell takes a trip to the pantomime

Goose that lays the golden egg

caretaker stepped in and didn't put a foot wrong," French recalls. Impressive logistical skills are required to co-ordinate the roles of performers, technicians and support staff, while the theatrical excesses

at the budget have to be curbed. The roll-call of producers' night-mares have included an outbreak of chicken pox on first night, a high-wire act involving a dangerously heavy Peter Pan and any number of

which threaten to blow a raspherry

incontinent animal acts.

Although she has no panto this year —"don't blame the recession, its because too many people are going away on holiday" - French ridicules the idea that panto is as washed up as Widow Twanky.

Its detractors, however, claim that panto is dying on its feet, the victim of three-foot high sophisticates who sourn Basil Brush in ferrom of Service the Redenber, No. favour of Sonic the Hedgehog. Not that pantomine is just for children, with many an adult using youngsters as an alibi for a seat.

tury. Serious theatre was then often mixed with mimed scenes and dances played by characters from edy, commedia dell'arte.

This developed into full-length harlequinades and, finally, into pantomime, offering hours of knockabout fun and weeks of employment for popular music hall artistes.

hile many of the elements of British pantomime were originally imported from Europe it has today become an almost exclusively British affair.

No-one knows why it has survived so long, though writers like John Morley - a master of the art with 200 panto scripts under his - attribute its appeal to an ever-changing blend of traditional storylines and contemporary characters capable of remaining relevant in an age of television and pop

rude good health. Audiences can

most ambitious productions, which might cost several thousand pounds to put on. Charities are usually the beneficiaries of any profits.

The total absence this Christmas of panto in London's West End is being cited as supporting evidence by those who say its days are numbered. But within booing and hissing distance of theatreland, avid panto fans can find Dick Whittington, Aladdin, Peter Pan, Cinderella and Jack and the Beanstalk.

This season, promoter Paul Elliott

reckons that up to 1m children will watch the 20 pantomimes he is staging around the country, like Aladdin at the Birmingham Hippodrome. Commercial pantomime is no laughing matter. It can offer its stars (nowadays heavily drawn from television and the world of sport) very high pay - maybe thousands of pounds a week - for two shows a day, six days a week. A big show can cost well over £500,000 for an eight-week run, half meeting cast costs and the balance going on

other production overheads

survive in a world less readily entertained by awful puns and hammy one-liners? They will certainly have to compete increasingly with a new breed of family shows offering children and adults a more thoughtful evening out. Clarion Productions, formed by

But can pantomime continue to

James Woods and Justin Savage and run from their homes in London, has already staged two suc-

cessful West End productions offerressful West and production ing a taste of what is to come.

The Their current show, "The Witches" at the Duke of York's, attracted big opening advances and has a larger budget than the aver-"If we bore, under-estimate or age West End show. Adapted from a patronise them, we will have only

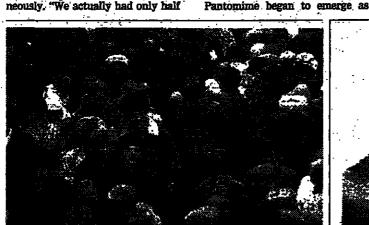
David Wood, the producer, believes that traditional pantomime

Roald Dahl story, it is imaginative kids' stuff out of the non-panto sta-

nime is no laughing matter for actors: Trevor Bannister (left), Mother Goose and Dinsdale Landen

is no longer in tune with what mod-ern families want: "It is essential that we recognise that children are our most important audience and deserve the best we can give them.

ourselves to blame if, in the future, live theatre withers and dies." So is pantomime all washed up or not? Altogether now: "Oh yes it is!"



To Russia with no love lost

Andrew Jack reports on a gulf of misunderstandings

he recent political upheavals in Russia have added to the uncertainty about the future of western investment in eastern Europe. But ask west about joint ventures in eastern Europe and they are as bullish as ever. Ask their managers on the ground let alone their eastern partners - and the view is

After several years of experience of east-west joint ventures, many companies have had their expectations dashed, according to a survey from Deloitte Touche Tohmatsu, the international accountancy network.

Western managers in headquarters of companies with joint ventures said they would recommend them. But only two-fifths of their eastern partners and one-third of their own managers based in the east agreed.

Deloitte interviewed more than 168 companies with joint ventures or direct foreign investment in Bulgaria, Czechoslovakia, Hungary, Poland, Romania and Russia.

The key business problems identified in the east were the banking system, nunications, fiscal laws and lack of market data.

The most significant staffing problems were management and language skills, followed by the absence of the profit motive, salaries and the work ethic. Eastern partners consistently rated these less important hindrances than western partners.

Western managers complained about their partners' lack of understanding of the western way of doing business and the lack of finance; easterners said the westerners lacked understanding of local conditions and had excessive short-term expectations of profit. Part of the difference may be explained by their varied objectives. Eastern partners said they entered joint ventures mainly to gain access to new products and capital. Westerners rated local market knowledge and access

as most important. Based on its survey, Deloitte highlights four factors to help successful investment in eastern Europe: PEOPLE: Select staff who can understand different cultures; who are patient, flexible and olerant and who know the language. Hire local people with good basic skills and the ability to be trained, not on "relevant experience". FINANCE: Expect only long-term returns. Do not depend on local finance. Phase

investment and keep fixed costs low, given the uncertain future of the region. LOCAL ENVIRONMENT: Identify people who can track legal and regulatory changes. public sector and banking system and can find suppliers MARKET: Adapt to local demands and cultural differences in brand and product perceptions. The only way to sustain sales may be through export markets. Some Russian experts recently questioned whether imported manageme expertise is always relevant to the challenge of

industry, writes Jane Goodsir. Consultants attending a recent conference of the International Organisation Development Association in Coventry agreed that partnerships between Russian and foreign consultancies were the most effective approach suggested that in future western consultants might take on the new role of "coaching" Russian consultants, rather than dominating consultancy projects. Nikhail Albertjian, a

Moscow academic and

consultant, said Russian

clients were showing less

restructuring Russian

deference to western experts. Russian managers still think that western consultants have much to offer, but they're no longer seen as gods. As human beings, they have fallings." The work of "expert" strategy consultants is still valued and respected, however. And there is great demand for practical solutions to immediate implementation problems. But Russians distrust slogans and respond hadly to consultants who work

"vision" approaches. Cultural differences between western consultants and their Russian counterparts can hinder partnerships. Reijer van Vegten, a director of the German-based Mercurius Consulting, believes Russian consultants are strong on theory but are often self-promoting and need better practical skills.

with collective "mission" and

A "Business Cultures Bridge" project, co-ordinated by the Academy of National Economy aims to develop partnership work between Russian and western consultants. A workshop is . planned in Moscow next

Workshop details from: Academy of National Economy, 82 Vernadsky Avenue, 117571,



INFORMATION WITHOUT DEFORMATION.

Starting January 1st, 1993, there will be a new news and travel reports etc. News bulletins will be updated channel stretching over the whole of Europe and covering every half hour. Plus special reports on subjects of major world events, but from a European point of view. The interest to Europeans: from business to fashion and from images transmitted on Euronews will be reported in 5 current affairs to entertainlanguages. Which means that in Britain, Euronews will ment. So if you like news speak English. Euronews will transmit round the clock, given to you straight, tune providing the whole continent with news, weather, financial straight in to Euronews. EUROPE SPEAKS UP



TO SEE EURONEWS, ASK YOUR CABLE OPERATOR OR SATELLITE DISH DISTRIBUTOR.

kiers heading for the slopes this winter are unlikely to be plagued by doubts that they are doing something harmful to the environment. Indeed, fresh air and mountain scenery have always been part of the lure of the sport, which appears comfortingly benign to nature.

Yet at mountain resorts all over the US, environmentalists are in a fierce ecological battle with the ski industry over an increasingly precious commodity - snow.

The fight over snow is really a battle for water. Environmentalists say ski resorts are siphoning so much water from mountain streams that the streams may begin to run dry for part of the year. A dry river or stream bed is not only an unpleasant sight; it can also be lethal to fish populations.

"The snow-making issue is turning into the most bitter environmental battle this region has seen in years," says Andrew Hamilton, a lawyer with the Conservation Law Foundation, a Boston-based environmental group which has challenged the ski areas' water rights. In some areas, ecologists say, the water drainage has been devastating, threatening the survival of fragile trout and salmon populations. In years past, ski resorts relied on

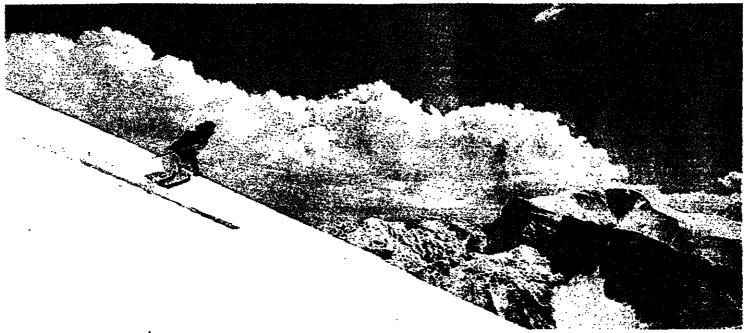
Mother Nature to provide them with the snow they needed, and she was kind enough to oblige. So was the world's economy. After the second world war, increasing wealth in the industrialised world turned a once obscure sport into an internationally popular pastime. In the US. the industry enjoyed tremendous growth, becoming a big moneyearner in states like Colorado and Vermont. Over the last two decades, though, growth in the ski business

ith up to 700,000 skiers hurtling and skidding down Switzerland's slopes on a crisp winter's day, the activities of the piste and chalet set are no longer just plain harmless fun. Yet now that skiing is no longer

a growth industry, the government feels less inhibited about restricting the freedom of skiers and resort operators so as to help protect the fragile environment.

Skiing affects the ecology of Switzerland and its Alpine neighbours in three main ways. Perhaps the most important is through modifications to the landscape by resort operators. These include the clearing of forests to make courses, the levelling of terrain and removal of rocks to permit the use of snowpacking machines, and the creation of gentle pathways for novices. The construction of hotels, resVictoria Griffith examines the row over water use in the US

Skiing's natural balance



Delicate balance: part of skiing's attraction is the scenery but if skiers start to believe the sport is not environmentally-friendly, they may stay away

has slowed dramatically, and ski streams are at their lowest level, areas are competing for a greater share of a stagnant market.

In the fight for customers, snowmaking has become a common way of extending the season, guaranteeing snow from late October through April or even May. Unfortunately, and when fish eggs are most in danger of being destroyed if the stream freezes through.

"We are concerned that the stream rates are too low for the survival of the fish, particularly Atlantic salmon, which is a threatened species," says Spencer Conley

faces a state-wide water shortage, limits on water withdrawal for snow-making have hit the ski industry hard, nipping in the bud plans for expansion at many

But the hard times have also unleashed unprecedented creativity the demand for artificial snow is at its highest in November and December, months when mountain life Service. In Colorado, which in the art of making snow. Some in the art of making snow is at ened species," says Spencer Conley of the New England Fish and Wilderson in the art of making snow. Some in the art of making snow is at ened species, and the species in the art of making snow is at ened species.

which aeroplanes fly through clouds in the hope of producing precipitation. To protect the fish population,

some ecologists suggest planting trees on river banks for shading, and placing boulders and rocks at strategic points in the water to create pools of water for fish eggs. Others are advocating the recycling of

ers see that there is no snow here in November, they may not book into Vermont for their winter ski vacation," says Joseph Parkinson of the Vermont Ski Areas Association. Even so, environmentalists believe much of the industry is anx-

ing, though the idea may not be well-received by skiers.

The best alternatives are, unfortunately, among the most expensive. One option is to create storage tanks above the ground to collect

rain water throughout the year. The problem is that the tanks are not aesthetically pleasing, an issue of

great importance for the ski indus-

try. Another possibility is the cre-

ation of artificial lakes, which col-

lect water when the snow melts in

the spring, and can be used later to

make snow. This method is not only

feasible, it is also aesthetically

However, the creation of an artifi-

cial lake is prohibitively expensive

for any single resort to contemplate.

Yet in Colorado, competing resorts have begun to pool resources to try

to resolve their problems together. In one case, five ski areas have just

agreed to help finance the creation of an artificial lake together with

the city government of Denver. In

return for their investment, they will each be awarded a certain

amount of the collected lake

bly concerned about the anti-snow-making movement. "If our custom-

The ski industry is understanda-

attractive.

ious to co-operate. "It's in their best interest to work together with us," believes Lewis Milford, an attorney with the Vermont Conservation Law Foundation. "They are selling to an increasingly environmentallyconscious public. If their customers start to believe that skiing is not environmentally-friendly, they may begin to stay away."

these should be used only for problem areas - such as part of an otherwise well covered course where excessive exposure to the sun destroyed the snow cover.

But the trends to warmer winters and, in the late 1980s, to inadequate snowfalls, has made life more difficult for operators, so the gov-ernment has had to retreat a little.

"We now accept that a few pistes in a region can have full snowmachine coverage," says Thélin. He believes market forces will prevent matters from getting out of hand. It takes about two weeks of constant production to fully cover a slope with artificial snow, and this is fairly expensive for an operator. Thus, he is likely to be reluctant to do it often or at lower altitudes where the risk of melting is higher.

"Our tourism people think that The government originally took a in the long term some ski resorts will move to other sports," Thelin

Pollution verdict worries insurers

S business has won another round in its long running legal battle with insurers over who should meet the cost of cleaning up pollu-tion. The victory, in an Illinois Supreme Court decision earlier this month, has potentially serious implications for insurers at the Lloyd's market, who are heavily exposed to businesses in the

The Illinois court decision freed Outboard Marine Corporation, an outboard motor manufacturer, to pursue its insurers for the costs of cleaning up polychlorinated biphen-yls (PCBs) dumped into Lake Michi-gan between the 1950s and the

In 1978, Outboard was ordered to clean up the PCBs, which had been present in pydraul, a hydraulic fluid the company had used in die-casting. Insurers - mainly US companies and none of them Londonbased - had restricted coverage under liability policies to cases where pollution was "sudden and accidental" and resisted claims on the grounds that the pollution had occurred over a long period.

The Illinois court ruled on December 4, however, that the term "sudden" was ambiguous and said cover-age was available regardless of how rapidly pollution had occurred if it could be shown that pollution had been "unexpected and unintended".

Nine other US state supreme courts have also ruled on the interpretation of the "sudden and accidental" clause. Verdicts so far have been mixed, with five courts ruling that there is coverage only where the pollution is "sudden" in a temporal sense.

However, lawyers acting for policyholders claim that the Illinois ruling is a crucially important one and could lead to a huge escalation of pollution losses for the market.

Lloyd's underwrites directly in the state (one of two in which it is licensed to do so) and many US companies have their headquarters in the state, which is also one of North America's most polluted, increasing the chances that legal action might take place there.

At the very least a series of longdrawn out - and hugely expensive - legal battles is on the cards.

Richard Lapper

Switzerland tries to halt the slide

Levelling slopes may encourage erosion, writes Ian Rodger

taurants and lift machinery also disrupts the landscape, though modern cable cars, gondolas and chair lifts are less damaging than old drag lifts for which special paths had to be carved.

The second type of impact arises from the increasing use of snowmaking machines. These need vast quantities of water and energy and are very noisy. Finally, beginners who look envi-

ously on accomplished skiers and snowboarders can take some comfort from the fact that these powder hounds terrify wildlife and damage young flora as they swish through the trees. In recent years, several Swiss communities have fenced off areas to prevent skiers from dis- 1970s. Only improvements and turbing animals.

Swiss concern about the impact of skiing on the environment dates from the 1970s when the industry was expanding rapidly. In 1979, the federal government published its first directives on limiting environmental disturbance, mainly to help cantonal governments confronted with development applications.
Since then, the legal framework

has been tightened, various studies and policy documents written and correction programmes launched. The unwritten, but widely accepted, basic policy that no entirely new ski areas will be developed also dates from the late

expansions at existing resorts are allowed, and for these, strict guidelines have been adopted.

For example, because of the delicacy of the high Alpine environment, no levelling of slopes is allowed above 2,000 metres. Also, alterations to the landscape are not allowed where protected species of fauna and flora would be affected. Gilbert Thélin, the Swiss environ-

ment ministry's skiing expert, says these restraints are not as operous as might be expected. Ski resort operators used to buildoze gently graded paths into mountains to enable weaker skiers to get down safely. But these paths just encouraged weaker skiers to go faster, causing more accidents.

The only real conflicts occur when an operator wants to smooth out a whole slope so that a snowpacking machine can be used. An artificially packed slope will resist melting in the spring, thus lengthening the ski season.

Environmental experts say the grading and removal of rocks reduces the slope's ability to resist erosion. Thelin says the government cannot prevent the removal of every rock, but forbids large scale

hostile view of snow-making machines. In principle, it said,

PEOPLE

Radcliffe steps down from CBI

down as deputy director general of the CBI, though he is continuing his involvement as an adviser on industrial affairs. At the same time he is taking up two new non-executive positions, the first of which is the chairmanship of construction company McLaughlin & Harvey. The other is to be

announced shortly.
In November 1991, Radcliffe, 54. was seconded from TL where he has been a main board director since 1988, to set up the National Manufacturing Council which aims to promote the cause of British manufacturing to government, business and the City. Presentation of

Mark Radcliffe is stepping the NMC's blueprint "Making down as deputy director general of the CBI, though he is centrepiece of the CBI national conference in Harrogate.

A year ago there was some

speculation that Radcliffe might have been a candidate to succeed Sir John Banham as director general, and some CBI watchers have recently expressed surprise that he is stepping back so soon after the birth of the NMC. But Radcliffe now maintains that the deal with TI was, from the outset that the secondment should last just 12 months. "But it was left open as to how we would go on from there. And now we have decided on the role of adviser." he says.

done some advisory work for the company, but he had relinquished his board seat because of potential conflicts of interest; there were never any plans for him to return to TL He acknowledges that a year is not long in terms of a task as vast as reviving Britain's manufacturing industry base - "it is a project that won't be completed in my life-time" - but claims to be "rather encouraged" by the interest shown by both government and the City.

Radcliffe adds that TI had

paid his salary, and he had

He is accepting the post at small construction group McLaughlin & Harvey, where the chairman and chief execu-

Hutchinson, 49, director of warehousing and distribution

for GUS Home Shopping, has

Lady Brigstocke is not

becoming a full member of the

GUS board, which is headed by

Lord Wolfson, the son of the firm's founder - but she will

work one or two days a week.

She has been advising Burber-

rys and Kay's - twe GUS retailing ventures - on per-

sonnel and training for some

Telecom Eireann

■ Ron Bolger, 44, a managing partner in the Stokes, Kenn-

edy, Crowley accountancy firm in Dublin, has been appointed

also been appointed an associ-

ate director



tive, Charles Denny, retires at 60 at the end of the year. because he believes it is important to "spread your industries". He is also a non-executive director at Lancer Boss and at Partnership Sourcing, a

chairman of REED ELSEVIER which comes into being on January 1. It will be managed by a board comprised of 12 executive directors and eight non-executives drawn equally from the two parent

companies. Peter Davis (above) is to be chief executive and deputy chairman and will become chairman on Vinken's retirement in 1995. Other members of the executive committee are: Ian Irvine, Loek van Vollenhoven, and

Nigel Stapleton. ■ Richard Wiseman, formerly senior legal adviser for Shell International Petroleum, has been appointed head of legal division and company secretary of SHELFUK Ltd.

■ Gordon Angell, Who retired earlier this year as a director of BASF, has been appointed executive chairman of Independent Fertilizers Solent and as a non executive director of Gouldings Chemicals; both companies are part of IAWS

GROUP.

Barry Marchini, director of information fechnology at Buss Leisure, has been apporting the model of Starfolm Electrics. of BOWTHORPE."

Renishaw

David McMurtry, chairman and chief executive of Renishaw, the metrology company he built from his invention of touch-trigger probes, is to resume a more active role in new product development. McMurtry, who developed

probe technology in the early 1970s while developing the engine for Concorde, will also take responsibility for manufacturing technology in addition to his enhanced R&D role. Renishaw has been working on substantially cutting the cost of high precision engineering at its Gloucestershire manufacturing facilities. Ben Taylor, currently joint

managing director, will become assistant chief executive. In particular, he will assume responsibility for worldwide sales and will relieve McMur-try of some of the day-to-day duties of running the company, John Deer, the deputy chairman and other founding partner of Renishaw, has now fully recovered from a heart condition and is to assume greater responsibility for production.

Great Universal Stores

misaroness Brigstocke, who bresided over St Paul's Ghis School for 15 years as High Mistress, is joining Great Universal Stores on a part-time basis where she will be responsible for training and personnel. Baroness Brigstocke, who

as the new chairman of Telecom Eireann, the Irish staterun telecommunications com-Bolger will be Telecom's fourth chairman in twelve months. He replaces John

months. He replaces John Scanlan, who held the post on a temporary besis after his predecessor Brendan Hynes was sacked last July. Hynes hands on approach to rationalisation in the company had led to a rupture with the company board. pany board.
Hynes' predecessor, Michael
Smurfit, who is the chairman
of the Jefferson Smurfit Group.

or the Jenerson Sministi Group, resigned in September 2991 after the then prints from Ster Charles Haughey asked him in step aside pending the settember of a public enquiry mids. Controversial property designifich involved Simplific.

CBI/DTI joint venture. Non-executive directors

■ Richard Cole-Hamilton, former chief executive of Clydesdale Bank and vice-president of the Scottish Council Development and Industry, al STAKIS Geoffrey Whalen deputy

chairman and md of Peugeot Talbot Motor Co, at COVEN-TRY BUILDING SOCIETY. ■ Gavin Reed, group vicechairman at Scottish & Newcastle, at JOHN MENZIES. Michael Windsor, a non-executive director of BWI since its flotation in 1987, and formerly joint md of Vickers, as chairman at BARRY WEHMILLER

INTERNATIONAL Jim Power has retired from UNICHEM Jean Meyniai, recently

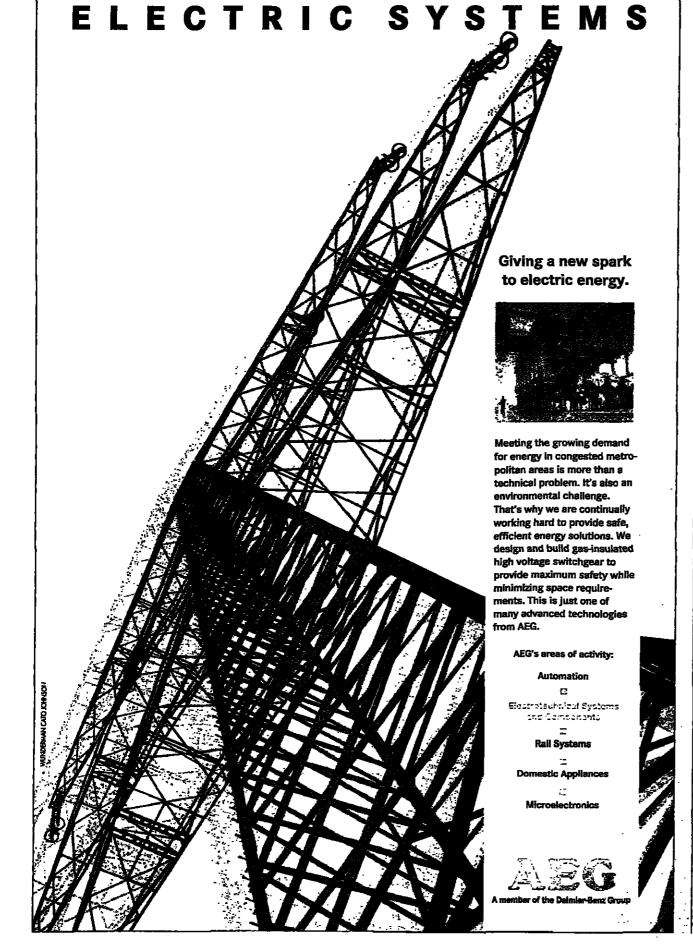
retired chairman of Arc Union Group, as deputy chairman of LEND LEASE INTERNATIONAL.

Christopher Dreyfuss at The

TURKEY TRUST. ■ Steve Shirley (lielow), founding director of the FI Group, at TAMDEM COMPUTERS he.

Anthony James has retired from WELLCOME.







Mark Lockyer as Rupert: much of the right daredevil allure but not enough swordfights Theatre/Alastair Macaulay

Prisoner of Zenda camps it up

Dungeons, swordfights, true Ronald Colman movie are both - a hero who looks so like Prince Rudolph of Ruritania most glorious trash ever Georgette Heyer but woethinks himself above The Prisoner of Zenda - not to mention the sequel, Rupert of

I.

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Richard Lap

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Hentzou. The best that can be said for this Greenwich staging is that it is a tolerable introduction to the joys of Zenda, and is surely excellent seasonal fare for office parties composed of people who have not read the original. And, since I was in a post-works-outing glow myself, I enjoyed myself a fair

Lez Brotherston has designed an ideal set, with crossbridges and staircases and walls that summon up all the various perilous locales. Mark Lockyer has much of the right dark daredevil allure for Rupert of Hentzau, and Melanie Jessop is as commanding and glamorous as Antoinette de Mauban should

But Hope's novel and the

love, intrigue and - best of all dear to my heart, and I incline to purism in Zenda matters. Matthew Francis's adaptation that he can impersonate him to all and sundry - yes, The Prisoner of Zenda has them all. and staging not only hang fire, but they also encourage both players and audience to both players and audience to Anthony Hope's novel is the chuckle at the contrivances of this Ruritanian romance. written; you can snicker at The intoxicating story keeps tipping over into camp; betide the smart Alec who and this is hard to Paris continued with his

> As the two Rudolphs, David Haig lacks both virile beauty and heroic ardour, and what is The Prisoner of Zenda without those? Leonie Mellinger, a talented actress, underplays the nobility and high romance of the Princess Flavia. Nicholas Gecks is too mild for Black Michael (I found myself missing Raymond Massey in this role more than anyone from the 1937 Selznick movie).

> The production will undoubtedly improve in due course; injury robbed us of the swashbuckling we had been hoping for. But not only more swordfighting is needed. More seriousness is required too.

At the Greenwich Theatre, until February 6 | Moshe Leiser, responsible for effect is dusty and dispiriting. Television/Christopher Dunkley

Glitz threatens the News at Ten

nyone who wants to know what might be expected from the new ITV network coming into operation on January 1 should have a look at News At Ten. For decades ITV's flagship news programme was regarded, almost universally, as being on a par with the BBC's Nine O'Clock News. Many people both inside and outside television argued that it was superior. Now, under the Government's new Darwinian rules for commercial television, with fierce competition for peak time slots and the weakest going to the wall, the programme has been trens-formed: What was once slick but dignified, and serious without being solemn, has been turned into a mixture of sensationalism, glitz and pomposity. Perhaps it will win for the new ITV an even bigger audience among those who read tabloid newspapers, but in the process it will surely lose many of its more serious viewers.

Over the years it has been argued in this column that, far from differing significantly, the main television news programmes have seemed, to the non professional onlooker, to be virtually indistinguishable. The BBC used to employ as news readers peo-ple who were members of Equity, the actors' union. ITN smiled superciliously and boasted that its presenters were not mere "readers" but "newscasters", members of the National Union of Journalists with all the experience necessary to gather the news as well as read it out. But to the average viewer the distinction was irrelevant. Whether or not Richard Baker and Jan Leeming were members of Equity, many people preferred their personalities and their diction to those of some ITN newscasters.

Anyway, whatever the qualifications of the presenters, the two news programmes were remarkably similar: in the items they covered, the approach they took, the significance they apportioned, and the general appearance on screen, there was less lifference than between, say, the Daily Mail and the Daily Express. This always seemed rather odd. After all, television is a mass medium with much of its output - soap operas, game shows, comedies - directed straight at the tabloid market. Why, then, were all its news programmes pitched somewhere just below the level of the Daily Telegraph? More recent developments brought us more broadsheet style coverage in News-night and Channel 4 News but still nothing like the BBC's old Nationwide to appeal to the mass market.

Having argued in that manner it

down market (though it has). That is not the complaint. The trouble is that its overhaul has resulted in so much that is pretentious, superficial and downright silly. The effects of the change were most vividly exemplified one evening during the recent blitz of royal family stories when ITN's court correspondent made the bizarre assertion "Trevor the Queen is now behind me..." It took several moments to deconstruct this.

It seems that News At Ten now specialises in the "sandwich", a conventional film report served up to the consumer between a studio intro and a live two-way interview involving anchorman and reporter. Labelling a report with the caption "Live" is just one of many habits imported from the US. While broadcasters are impressed with their own capacity to "go live" it seems unlikely that viewers care very much, but on News At Ten it has become something of an obsession. To have the reporter "live" in the studio is considered pretty dull, so they are obliged to go out with a camera and

stand in front of some symbol of their expertise, even if it is pitch dark (economics specialists favour a brass wallplate saving "The Treasury"), and then conduct a technologically complicated conversation which they might just as well be having in the warm back at base.

Apparently on this occasion the court correspondent was standing in front of Buckingham Palace and was announcing that the sovereign had returned home. The snag was that having begun her two-way with the mandatory "Trevor" a useage which is supposed to establish anchorman Trevor McDonald in the public mind as a tremendously amiable godhead, master of all he surveys but still one heck of a feller chatting on first name terms with all those people - she then omitted any indication of a comma and thus invented someone called Trevor the Queen. Thus can pretentiousness trip you up. It seems such a shame that all this

razzmatazz should be tacked onto News At Ten, of all programmes.

for many years a pretty level headed sort of affair which conveyed a sense of being there simply to give you the news straight from the shoulder, no messing. Now it opens with airship shots over London, a romantic overhead view of the ITN building in Grav's Inn Road, and then a swooping Hallywood zoom through the hightech newsroom, bathed in a blue haze of light, to find the American-modeffed lune anchorman heroically holding the floor. You begin to wonder whether they have all watched Broadcast News too often and started to

believe in their own star quality. Worse is to come. News at Ten has taken techniques from yoof series and graphics from America and created the most mind-bogglingly over elaborate image to be seen anywhere on British television. On top of a blue background is laid a white grille. Over the white grille an oddly inaccurate map of Europe (have a look at France). In front of the map a whole

Whatever your feelings about NUJ or Equity presenters, News At Ten was screens very often a mug-shot of screens very often a mug-shot of somebody shown almost as big as McDonald, frequently with some sort of symbol or logo, and usually a word or two in capital letters pulled at random from the script: "RELIEF OPER-ATION" for instance, or "NEW ROUTES" or "GAS SPLIT". These add not one jota to viewer understanding but make the screen look busy and significant. In front of all this lot sits McDonald himself.

> The irony is that often, when a graphic is really needed - to show how the light might have caused the fire in Windsor Castle for instance -ITN's is much better than the BBC's But then the same goes for the most hasic and important part of the con-tent: the reports. When direct comparisons can be made. ITN's reports are often better. For example Geoffrey Archer's recent pieces from a danger ous bit of road in Bosnia were consistently clearer and more comprehensive than the BBC's. (Though to be fair the best reporter in Somalia has quite definitely been the BBC's excellent George Alagaiah.) But the new News At Ten spoils all this by absurd catchphrases and silly bits of linking script. McDonald keeps on saying "Coming next, more of the day's news" as though we might have been expecting some conjuring tricks.

> At least they seem, in the past few days, to have decided it is a bad idea to include a big "Focus" item in every edition. Some of these mini current affairs programmes were good, some - such as last week's on 'her-rassment" (heavy handed heterosexuality at work) - were merely tired re-runs of features which have already been done to death by national newspa-pers. None seemed to have much justification in a flagship news programme, so it is good to see the idea being re-thought.

However, this move seems to have coincided with greater determination than ever to find sensational stories for the top of the programme. During last Thursday's opening item on what was said repeatedly to be "systematic and organised rape" in Croatia (a horror tale told about French victims in the First World War and Belgians in World War 2) it turned out that ITN could produce not one single woman who would substantiate the story.

Perhaps this will turn out not to be the paradigm for the re-designed ITV. Maybe we shall all be pleasantly surprised at the civilised and sophisticated nature of the new network. Perhaps in 1993 there'll be pink pigs over the white cliffs of Dover.



would be perverse now to start com-plaining that News At Ten has gone ITN news anchorman Trevor McDonald: heroic in a much too elaborate set

Opera in Paris/Ronald Crichton

Lully's 'Armide' goes abstract

successful and enjoy-able Alceste, the Théatre de Champs-Elysées in Armide - the last of the series of tragedies lyriques written with his eminent librettist Quinault. Lully died in 1687, one year after the first production. Owing to the king's absence this took place not privately at Versailles but publicly in Paris. Quinault died after one moré vear.

The climate of taste was changing. Classical and mythological subjects were giving way to medieval chivalry. At court the influence of the pleasure loving Mme de Montespan was waning. The increasingly powerful Mme de Maintenon, whom Louis XIV had secretly married, was by comparison austere: pleasure was under a cloud. The change is reflected in the tone of Armide. I doubt. though, if the historical background had much if any influ-

in the choreographer-composer Lully's theatre works. But it is absurd to deny the equally vital role of spectacle, "machines" included. The sum of his great gifts made Lully a super-entertainer, and "entertainement" on such a level need not exclude serious subjects or deep feelings. The décors by Christian Fenouillat are based on abstract painted cloths of the kind once popular for "symphonic" balence on the producers of let. They leave plenty of room for the dancers but the general Armide, Patrice Caurier and

at Cardiff.

Caurier and Leiser turned

their backs firmly and a little

prudishly on the sumptuous,

enjoyable and illuminating

baroque richness of their pre-

decessors' Alceste. In their pro-

gramme note they rightly

stress the vital role of dancing

last year's *l'phigénie en Touride* The prospect in the heathen sorceress Armide's magic realm that so enchants the besotted Crusader knight Renaud consists of tall dark grey panels shifted round against a gloomy background Hades as imagined by a

modern Gordon Craig. At the end of the opera, when Armide realises she has lost her lover. a slatted curtain is let down to which she bravely clings and is raised high enough to show her palace in flames behind her. But all we saw of that palace was a single panel painted streakily like fishmonger's marble.

Costumes by Elizabeth Neumuller were vaguely modern from flapperdom to New Look skirts, with an emphasis on old-style sports clothes (had someone remembered that the Debussy-Nijinsky tennis ballet Jeux was first given in this theatre?). That at least gave some indication of Renaud's physical prowess - there was very little to suggest a Holy War and next to nothing of the Gorgeous Middle East. But then the producers avowedly shun anything "anecdotal" like the plague.

The choreography by Stephanie Aubin was uneventful, unmemorable "modern dance" The dancers' and singers' movement was unusually well integrated. The good-looking dancers of the small Compagnie Larsen, like everyone else in this production, were thoroughly prepared - this co-production with Flemish Opera had already been seen at Antwerp. The singing and playing of the Chapelle Royale (with the Collegium vocale from Ghent) gave continuous pleasure. The expert conductor was Philippe Herreweghe, in livelier, more authoritative form than in his recording of the opera a few years back - the fourth act, omitted then, was included this time. The Armide, Sylvie Brunet,

is a strong performer who knows how to shape and form Lully's varied, subtle and highly expressive phrases. Above a certain level the voice took on a shrill vibrato inappropriate for such an irresistible seductiveness, and she sometimes sang below the note. She was not belped by nondescript garments. Some but not enough of her words were clear. The best singing and declamation came from the Renaud of that good artist Howard Crook, whose light tenor carried easily in this large theatre. Gilles Ragou and Bernard Deletré as the two paladins sent to bring Renaud back to the path of duty, had

the best of this opera's subdued comic scenes. As Hate, John Hancock appeared as a dyspeptic-looking gent in evening dress, his supporting demons wearing white surplices over black trousers.

At the last of the six performances there was a full house, deeply attentive and enthusiastic except when the production team took their curtain call, when the usual and by now rather stale pandemonium broke out. Although I believe this self-conscious effort to avoid theatrical archaeology to be misguided and find the visual appeal unsuitably dreary, this Armide was a serious, consistent piece of work, ably carried through. There is more than one way of treating Lully on the modern stage. Next year the admirable series promise Roland with José van

Sponsored by the Mécenat Culturel, the Caisse des dépôts et consignations and the Fondation France Telecom.



■ ANTWERP

Stefan Soltesz conducts Nuria Espert's production of Elektra at De Vlaamse Opera on Dec 26, 29, Jan 3, 6 and 9. Gabriele Schnaut and Carla Pohl alternate in the title role (233 6685)

ATHENS

Concert Hall On Christmas Day, Zagorsk Church Choir gives a recital of music from the Russian Orthodox tradition. Sat and Sun: Vyron Fidediis conducts Czech Radio Symphony Orchestra in works by Mahler, Sibelius, Tchaikovsky and Rakhmaninov. Next Tues, Wed: Jinan Acrobatic Troupe, traditional Chinese acrobatics (722 5511)

■ BARCELONA

Gran Teatre del Liceu 20.00 Uwe Mund conducts Götz Friedrich's production of Lohengrin (repeated Dec 27, 30, Jan 2, 5). Alternating casts include Thomas Sunnegardh and Gösta Winbergh

as Lohengrin, Sue Patchell and Mechthild Gessendorf as Elsa, and Eva Marton and Joy McIntyre as Ortrud (412 3532)

BOLOGNA

Dec 29, 30 in Teatro Communate: Gary Bertini conducts Mahler's Second Symphony, Jan 1: Igor Olstrakh violin recital (529999)

■ COLOGNE

Philharmonie 20.00 Ballet gata, repeated tomorrow afternoon and Fri evening. Sat Georgian Chamber Orchestra plays Bach and Vivaldi. Sun: jazz night. Next Mon, Tues, Wed: chamber music festival, including works by Tchalkovsky, Dvořák, Denisov, Ravel and Rakhmaninov, and featuring Sergei Lelferkus, Kim Kashkashian, Frank Peter Zimmermann and others (2801) Opernhaus 19.30 Thomas Fulton conducts Willy Decker's new production of Billy Budd, with Philip Langridge, Boje Skovhus and Monte Pederson (also next Tues). Fri: Der fliegende Hollander. Sat: Die Zauberflöte. Sun and next Wed: Hansel and Gretel. Dec 31: Die Fledermaus (221 8400)

■ COPENHAGEN

Flemming Flindt's production of Nutcracker can be seen on Sat and next Mon at the Royal Theatre. Dec 29: Don Carlo. Dec 30: ballet gala (3314 1002)

■ DRESDEN

Tonight and Sat in Semperoper: Hansel and Gretel. Fri: Die Zauberflöte, Sun: Der Rosenkavalier, Next Tues, Jan 2 and 5: Evgeny Onegin. Next Wed, Jan 3: ballet triple bill including Henze's Tristan choreographed by John Neumeier. Dec 31, Jan 1: Muhai Tang conducts popular orchestral concert (484 2731). Fri evening and Sat morning in Kulturpalast: Peter Vronsky conducts Dresden Philharmonic Orchestra in works by Corelli, Honegger and Rimsky-Korsakov. Dec 31, Jan 1: Johann Strauss concert (486 6306)

■ FRANKFURT

Opernhaus Tonight: premiere of Ruth Berghaus' new production of Der Rosenkavalier (also next Mon and Wed). Fri, Sun and next Thurs: Die Fledermaus. Sat: La traviata (236061) Schauspielhaus Tonight, next

Mon, Wed and Thurs: new ballet by William Forsythe. Fri: Schnitzler's 1911 play Undiscovered Country. Sat and Sun: The Merchant of Venice (236061) Alte Oper Broadway musical 42nd Street, daily except

tomorrow (1340 400)

■ GENOA

Teatro Carlo Felice 20.30 Alexander Lazarev conducts Boris Pokrovsky's Bolshoy Opera production of Prince Igor, repeated on Sun. Tomorrow and Sat Boishoy Ballet production

of Giselle. Dec 4: Carlo Maria Giulini conducts Orchestra of La Scala Milan (589329)

■ HAMBURG

Staatsoper Tonight and Fri: Die Zauberflöte, Sat. Sun, Dec 31: Neumeier production of Nutcracker. Mon: Hansel and Gretel. Tues: ballet mixed bill, including works by Mats Ek and Lar Lubovitch, Next Wed evening and Thurs morning: Heinz Fricke conducts Beethoven's Ninth Symphony (351721) **Deutsches Schauspielhaus** Performances over the holiday period continue daily except tomorrow, with repertory including Shaw's Heartbreak House, Miller's Death of a Salesman and a new production of Euripides' The Bacchae. Ute Lemper gives a solo evening on Dec 31 (248713)

LEIPZIG

Opernhaus Tonight Hansel and Gretel. Fri and next Wed: La bohème. Sat: Coppelia. Sun: Jiri Kout conducts Uwe Wand's new production of Lohengrin, with George Gray and Helena Doese. Next Tues: Werther with David Rendall. Dec 31: My Fair Lady (7168 273) Gewandhaus Tonight: Ekkehard Schreiber conducts seasonal choral music by Corelli, Bach

and Petr Eben. Sun morning and evening: Pierre-Dominique Ponnelle conducts MDR Symphony Orchestra in works by Bach, Beethoven and Tchaikovsky. Dec 29, 30, 31: Kurt

Masur conducts Gewandhaus Orchestra in Beethoven's Ninth Symphony (7132 280)

■ LONDON MUSIC/DANCE

South Bank Centre Ben Stevenson's English National Ballet production of Nutcracker daily till Jan 16 except tomorrow Christmas Day and Sundays. Dec 26-31: Travelling Opera productions of La bohème and Don Pasquale. Dec 27: Johann Strauss gala (071-928 8800) Barbican Tonight: orchestral favourites, Sat James Blair conducts RPO in works by Rakhmaninov and Dvořák. Sun: Jack Brymer plays Mozart's Clarinet Concerto. Mon: Glenn Miller Orchestra. Tues: Dennis O'Neill sings opera arias. Next Wed: Tchaikovsky concert. Dec 31: European Community Baroque Orchestra gives afternoon concert at St Giles Cripplegate: Vladimir Ashkenazy

conducts ECYO in late evening concert (071-638 8891) Covent Garden Tonight, Sat, Mon. Jan 1, 4: Ashton's Royal Ballet production of Cinderella. Next Tues: new Royal Opera production of Handel's Alcina. Dec 30, 31, Jan 2, 5, 6: Ashton's The Dream and Tales of Beatrix Potter (071-240 1066) Collseum Tonight: David Pountney's ENO production of Hansel and Gretel. Dec 30 and

5: Adventures of Mr Broucek (071-836 3161) Sadler's Wells London City Ballet repertory till Jan 2 consists of

Jan 2: Princess Ida. Dec 31, Jan

Romeo and Juliet and a triple bill. No performances Dec 24-27 (071-278 8916) THEATRE

 Carousel: Nicholas Hytner's production of the Rodgers and Hammerstein musical, No. performances tomorrow or Christmas Day (National Theatre 071-928 2252)

Carmen Jones: Simon Callow's production of Oscar Hammerstein's update of Bizet. No performance tomorrow (071-928 7616)

The Lion, the Witch and the Wardrobe: adaptation of C S Lewis' Narnia story for a children's Christmas season till Jan 16. Tomorrow's performance is at 14.30, closed Christmas Day (Royalty 071-494 5090)

The Gifts of the Gorgon: new Peter Shaffer play starring Judi Dench. Tonight, next Mon, Tues, Wed, Jan 8, 9 (Pit 071-638 8891) Cyrano de Bergerac: Robert Lindsay stars in John Wells' stage adaptation directed by

Elijah Moshinsky. No performance tomorrow (Haymarket 071-930 8800)

■ LYON

 Milan Bauer directs Orchestre National de Lyon in a programme of Viennese waltzes Dec 27, 29, 30, 31 in Hötel de Ville (7860 3713)

 Kent Nagano conducts seven performances of Angelin Preljocaj's production of Romeo and Juliet at Auditorium Maurice Ravel, opening on Sat. No performance next Mon or New Year's Day (7828 0960)

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Sky News 2030-2100, 2230-2300 FT Business Weekly

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1030-1100, 1800-1830 World Busi-

Super Channel 1900-1930 FT Business Weekly

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FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Wednesday December 23 1992

Brussels gets a new team

FOR ALL the problems dogging European integration, the European Commission seems to be attracting a higher profile category of job applicant. On the evidence of the new line-up unveiled yesterday, the Commission has shrugged off its image as a collection of government cast-offs. The fresh team in Brussels, containing two seasoned foreign ministers. from Portugal and the Netherlands, appears well suited to steering the Community through the next two years.

At the helm remains Mr Jacques

Delors, whose adept mind will be increasingly turning not only to the future shape of Europe, but also to his possible role as a candidate for the French presidency. The adjustments Mr Delors has produced in Commission portfoios bear the mark of a hand skilled in the art of both compromise and strategic planning. The departure of the UK's Sir Leon Brittan from the competition job - where he has habitually tan-

gled with Paris - will make the Commission's balance somewhat more favourable to French sensi-This is important not just for Mr Delors' prospects. French support

for the free competition policies backed by Britain, and personified by Sir Leon, is still, at best, tenuous. The qualms voiced by France over the chances of a Gatt deal may presage further new year squalls between Brussels and Paris - especially if the March elections return a right-wing government. The French will still have to deal with Sir Leon, who takes over Commission responsiDelors' decision to opt for a Commission in which French interests appear well served is intelligent as well as being predictable.

The Commission has to give a lead. But it also must follow member governments' overall policies. The rearrangement of portfolios and personalities reflects the rebalancing of Community interests. Agriculture, social affairs and the environment - areas where deals have either already been done, or where economic downturn has made governments less eager for change - are taking a back seat. Mr Karel van Miert, who takes the competition job, has proved him-self no pushover for the forces of corporatism during his time as transport commissioner. He will however act cautiously in curbing national monopoly powers in fields such as energy and postal services – excluded from the 1993 single market.

The real heavyweight jobs are in foreign affairs. Mr Hans van den Broek, the Dutch foreign minister, and Sir Leon will jointly shoulder the challenges of enlargement talks with the states of the European Free Trade Association, They must also forge a strong relationship with the new US administration and ensure that the community does what it can to prevent chaos in the former Soviet bloc. which may yet provoke disruption

in Europe on a wider scale. Apart from ending the recession, the EC's main priority next year must be to improve the management of its foreign relations. Given a degree of good fortune, the new Commission should be

the British government are currently renegotiating the scheme controlling profits on drug sales to the National Health Service. The government's negotiators should drive a tough bargain.

There are arguments in favour of the existing agreement, known as the Pharmaceutical Price Regulation Scheme. As a long-standing piece of industrial policy, the scheme has proved singularly suc-

It has controlled NHS drugs spending while encouraging the British-based pharmaceuticals sector. There are few high-growth technology industries where the UK is among the world's leaders. Pharmaceuticals is one of them. Four of the world's top 10 best-selling patented medicines were discovered and developed in the UK. The industry will contribute a trade surplus of more than £1.3bn to the UK economy this year.

The scheme also has the advantage of simplicity and practicality. By fixing a return on capital and not the prices of individual drugs, administration and bureaucracy is kept to a minimum. The system is widely admired in other countries: at one time, the French government considered copying it.

Such achievements should not be tampered with lightly. But the real argument concerns not the orice-setting mechanism, but the prices themselves. The UK, along with the rest of the world, is faced with the inexorable tendency of healthcare costs to grow faster

THE PROBABLE victory of the

THE pharmaceutical industry and than the economy as a whole. During the late 1980s the rapid expansion of UK pharmaceuticals groups' earnings was relatively inconspicuous. During the early 1990s, it looks like an anomaly, Glaxo made 38 per cent return on capital worldwide last year, Smith-Kline Beecham 45 per cent. This remarkably high return was achieved after research and development costs.

At a time of sharply rising budget deficits, expenditure on NHS drugs is growing at 12 per cent a year. Although the increase is partly due to government-inspired health programmes, expenditure growth on this scale jars at a time of public expenditure constraint.

There is thus a strong prima facie case for adjusting the price control mechanism applied by the NHS, perhaps by tightening up the return on capital parameters -

currently 17 to 20 per cent a year. The industry will argue that lower returns will drive investment and research overseas, as indeed happened in the mid-1980s. when the UK government tried to curb drug expenditure.

This time, though, the impact is likely to be limited. The world is bleaker for the drug companies and in restraining prices and limiting expenditure, the UK government would only be following the example of most other countries. In any case, the UK retains the powerful attraction of a pool of cheap, inventive scientists. The government can afford to bargain

Serbia's vote

hard-line Mr Slobodan Milosevic in the Serbian presidential election must be seen as a severe set-back for efforts to find a peaceful solution to the conflict in the former Yugoslavia. Though the latest figures which give Mr Milosevic nearly 56 per cent of the vote, are based on only a partial count of last Sunday's poll, it is most unlikely that his moderate oppo-nent, Mr Milan Panic, with 34 per cent, will be able to close the gap. By western standards, the condi-tions under which the elections were held were far from satisfactory. The election broadcasts of the state-owned Serbian TV were heavily biased in favour of Mr Milosevic and the large group of international observers reported numerous irregularities in electoral registration and voting pro-cedures. Yet they do not appear to have been serious enough for Mr Panic's demand that the elections be annulled and another poll held within 90 days to stand much

chance of success. In the circumstances, Mr Panic a Yugoslav-born American multimillionaire, did well to poll more than a third of the votes. His appeal lay in his promises to end the fighting and Serbia's international isolation. But the uncleasant fact the international community now has to face is that the Serbian people have preferred to be represented by a xenophopic leader determined to promote their national interests by whatever means necessary.

The presidential election results have been made worse by the marked swing to the right in the separate parliamentary poli. The success of the extreme nationalist Radical party at the expense of its allies, the Socialists tex-communists), is a bad augury for the fate of the ethnic minorities who make up one-third of Serbia's population. The Radical party is led by Mr Vojislav Seselj, whose militia is alleged by the US to have been responsible for the murder of thousands of Moslems in northern Bosnia last spring.

The future Serbian government

does not, therefore, look as if it will be propared to make the required compromises to bring the conflict in Bosnia to a peaceful end. And its ethnic cleansing policies risk teniting conflicts in other potential trouble-spots, such as Kosovo, which could spread quickly to other regions in the Balkans through the involvement of countries such as Greece, Turkey. Bulgaria and Albania.

Few options remain for the international community, in the absence of direct military intervention in Bosnia, which has been ruled out by the great majority of nations. However, that position is looking less tonable by the day. Stricter sanctions alone have failed to have the desired effect and it is difficult to see how the proposed cut in all international communications or the enforcement of a "no fly" zone over Bosnia will bring Serbia

he pre-Christmas wave of optimism which pro-pelled the UK equity market to another new all-time high of 2842.0 last night (the FT-SE 100 Index is now up 14 per cent this year) is not typical of markets around the In fact, another poor year for the

global economy, in which overall growth of the 24 nations in the Organisation for Economic Co-operation and Development is estimated to have been only 1.5 per cent, has formed the backdrop for a generally dreary 12 months for the world's capital markets.

In these conditions fixed interest securities have often outperformed equities, although rapidly expanding government financial deficits have had the effect of subduing the bond markets too. Only some spectacular events in the currency markets have livened up the year and provide the more speculative inves-tors with some handsome returns at limited risk, mainly by courtesy of the European central banks. As the year draws to a close,

hopes for a global recovery look little better. The OECD has just knocked down its 1993 growth forecast from 3.0 to 1.9 per cent. And although some of the countries early into the recession are now showing signs of an upturn - certainly the US and possibly the UK - Germany and Japan may not yet have seen the worst.

Investors are having to grapple with the evidence that this is not just another business cycle but that long-term structural changes are afoot. When leading industrial companies such as IBM are shedding tens of thousands of jobs, while the only rapidly-growing areas of the global economy are in regions such as southern China and parts of Latin America, it is a foolish portfolio manager who continues to

extrapolate the long-term charts

from the past. Certainly, shareholders had to dabble in stock markets such as Hong Kong and Mexico this year in order to achieve returns that were at all interesting in local currency terms. The best-performing national market in dollar terms has been Malaysia with a gain of 23 per cent. For sterling-based investors the numbers naturally look much better, given the pound's 13 per cent trade-weighted depreciation since last December 31 (and 18 per cent against the dollar). The British investor is showing gains of around 40 per cent in Malaysia, Hong Kong and Mexico, according to the FT-Actuaries World Index series.

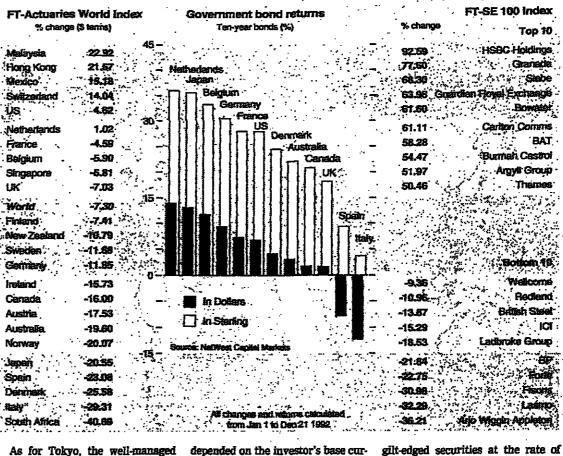
Overall, however, the World Index is down 7 per cent this year in dollar terms and is up just 12 per cent for investors who prefer to do their calculations in sterling. The pace is always dictated by the markets in New York and Tokyo, which account for two-thirds of the world index's weightings.
On Wall Street it has been an

amazingly steady year, with a yearon-year improvement of only 4 per cent. Moreover, 1992 has been the least volatile year for the US stock market in living memory, essentially because the recovery in the economy and therefore in corporate earnings was already discounted in 1991. Since then there has been a flood of money into equities from private individuals fleeing low savings deposit rates and buying large quantities of mutual funds. But, on the other hand, there has been a sharp rise in new stock issues and a certain amount of selling by foreigners who generally feel that Wall Street is overpriced. The net result has been stalemate.

1992: better safe than sorry

Equity markets have taken a backseat to fixed interest securities, says Barry Riley

World markets: the returns of recession



As for Tokyo, the well-managed slow-motion stock market meltdown has gone a stage further in 1992. This year's index fall has been 20 per cent (only Denmark has performed worse in local currency terms) and the Japanese equity market now accounts for only 26 per cent of world market capitalisation against about 45 per cent at its peak three years ago.

The painful return of Japanese property and equity prices to more instifiable levels still poses a severe threat to the country's financial system, with the capital bases of the banks undermined. But Japan is better placed than most other countries in terms of fiscal balance and bond yields. Ten-year Japan government bonds (JGBs) now yield only 4.6 per cent, easily the lowest for

any leading country.

A UK investor who bought JGBs a year ago - when they were yielding 5.4 per cent - might not have seemed to be on to a good thing. But on top of that he has been able to add a modest local currency capital gain and, more importantly, a yen appreciation, in terms of sterling, of 22 per cent. The return has been a handsome 36 per cent.
This kind of calculation has been

the key to successful investment in 1992. While the more glamorous equity investors have taken an unaccustomed back seat the bond fund managers who trade fixed interest securities and currencies have grabbed the limelight. But once again a great deal has rency. In the UK, the global bond funds have enjoyed a great year, and are heading the unit trust performance charts. But it looks very different in the US where the strength of the dollar against many currencies in the past few months has caused many equivalent international fixed income funds showing returns which are meagre and sometimes even negative.

enerally speaking bond yields have dropped in 1992, because the impact of the recession and the influence of lower inflation rates has outweighed the increasing flow of government debt as fiscal deficits widen. Average inflation, according to the OECD, will fall from 35 per cent in 1992 to 2.5 per cent by the end of 1994. But the average budget deficit is running at about 4 per cent of gross domestic product this year and next. Brokers James Capel have calculated that new borrowing by the Group of Seven leading industrialised nations next year will total a massive \$750bn.

Real interest rates, apart from in Japan and Germany (where inflation is still rising) are remarkably high. This ought to make bonds very good value, as they indeed have been this year. But there could still be problems if so much paper is issued that the markets find it indigestible. The UK government, for instance, is threatening to issue

gilt-edged securities at the rate of Elbn a week during the financial year 1993-94. A real bull market in bonds will not happen until investors can see a way in which government deficits can be brought down.

The bond investor's calculation must be that real interest rates will have to be brought down sharply. This could be done through an acceleration of inflation, but there are not many countries in which that is going to happen given the surplus of capacity in the industrial, farm and labour markets. In the meantime, attention has

been focused on currencies. It was hard to make money by trading currencies when they were floating freely in the 1980s, but the growth of the semi-fixed rate European exchange rate mechanism proved to be a godsend for speculators. Politicians with short memories

thought they could set exchange rates by dictat. For an amazingly long time they seemed to be right. But by the summer of 1992 the ERM lost its credibility, and unofficial and official member currencies of the ERM were picked off one by one: the Finnish markka, the Italian lira, the pound, the Swedish krona and the Norwegian krone. Other currencies, such as the Spanish peseta, could only sustain their position through exchange controls. By December, the French franc was coming under severe pressure for the second time.

An old lesson was expensively relearned: central banks defending

unsustainable parities against hope-

unsustamatic parties against mopeless odds serve only to hand juicy profits to market operators.

But the egg on the faces of governments often brought smiles to stock market investors. In the UK the devaluation of sterling served to bring life back to the equity market Investors do not directly have to speculate in currencies or buy foreign securities in order to benefit from a depreciation of their domes-tic currencies. In the UK, overseas and export profits - which are increased in sterling terms by a devaluation - account for almost half the earnings of London-listed industrial companies.
Since Black Wednesday, London's

FT-SE 100 Index of market leaders has climbed by almost 20 per cent. and similar strength has been shown by the equity markets in other devaluing countries. In Sweden, Finland and Italy stock market indices have jumped by between 18 and 53 per cent since the local currencies were unpegged from the

t the core of the ERM the picture is much bleaker, however. German equities are a fifth below their May highs as industrial gloom accumulates. There is a similar picture in France. In the UK, fund managers are once again comfortable with their high exposures to equities. For as long as the British government struggled to keep sterling close to DM2.95 there was great worry that the corporate sector would be crushed between a fixed exchange rate and an inflexible labour market. Now, with the pound floating freely, there is more confidence that British companies can go on delivering the healthy dividend growth rates that UK institutions crave.

Nevertheless many British commies have been crippled. The leading sectors this year have included water, electricity and food retailing, representing cosy monopolies or oligopolies which can brush aside the recession. But sectors such as chemicals, metals, aerospace and construction have slumped. Among the 100 shares in the Footsie the worst performers have included a variety of recession-hit industrials such as ICI, Arjo Wiggins and Fisons, while Lasmo and BP have been victims of the poor oil prices which have resulted from slow economic growth around the world.

Portfolio managers have been obsessed this year by the timing of any recovery and the desirability of switching from recession-proof to recovery stocks. There have been one or two false dawns. Small companies have continued to perform badly for much of the year. But in the past few weeks another flurry in the second-liners has begun. More indices have been created to allow professional investors to follow better these swings and roundabouts among the big, the mediumsized and the small stocks.

HSBC, the year's Footsie winner, is something of a freak, with the Midland Bank share price's takeover gains being compounded by the Hong Kong market windfall and the dollar appreciation bonus of its new parent, the Hongkong and Shanghai Banking Corporation. Elsewhere, insurance and media recovery stocks dominate the top performers' list, and water companies such as Thames Water are a little way behind.

For 1993, if more manufacturers and capital goods stocks do not feature in the winning list, something will surely have gone seriously wrong with the British economic

Sun, surf and Santa

hristmas is coming and the price of prawns is going up, illustrating both the changing nature of the Australian Christmas and the danger of over-exploiting fragile fishing grounds.

Apart from the weather, an English visitor of 30 or even 20 years ago would have been hard pressed to spot the difference between Christmas in Sydney and Christmas in Sydenham, south London. Inspired by the view held by Sir Robert Menzies, Australia's prime minister from 1946 to 1965. who portrayed his country as the modern-day jewel in the British crown, Australians were still doing everything they could to evade the realities of the un-English climate and geography. Ignoring summer temperatures of

30 degrees centigrade or more, families ate heavy meals of hot turkey, roast beef and plum pudding, and then watched or listened to the Queen's traditional Christmas day broadcast from London. Presents were piled around imported Christmas trees, holly wreaths were nailed to front doors, and the most enthusiastic attempted to simulate the effect of snow on window

Even in the 1960s, there must have been plenty of Australians of non-British heritage who thought this collective attachment to the "traditional" Christmas a bit strange in a country where Decemher falls in midsummer. But few of that generation of immigrants felt able to resist the pressure from the Anglo-Saxon majority to conform by becoming more Australian, which meant, of course, more

Now attitudes are changing, and the style of Christmas celebrations is becoming less homogeneous, reflecting the move towards a more genuinely Australian culture which

started a decade or so ago. For one thing, Australian government policy is now officially multicultural, which has helped give minority ethnic groups the



self-confidence to develop or reinterpret their own Christmas traditions. For another, the sheer number of immigrants who have come to Australia since the second world war (more than doubling the population from 8m to 17m) have altered the ethnic balance of the population and weakened ties with the so-called mother country. Fewer than 60 per cent of Austral-

ians now claim family ties with Britain and Ireland, compared with more than 90 per cent 40 years ago. The New Australians are Italian, Greek, Yugoslav, Arab and, increasingly, Asian. Few of the new Anstralians will

spend Christmas day in the house or garden, where the Menzies era Australians felt most comfortable. They will be at the beach, or at the many parks and recreation areas maintained by local councils, which often include family style barbe-

Others will work out their own compromise between tradition and common sense. A Swiss friend plans to cook her family's traditional Swiss ham outside in a barbecue. English friends will cook a turkey the day before, and eat it cold with

But it is not just recent immigrants who are finding new ways to celebrate Christmas. Many Australians of British extraction whose families have lived in their new homeland for generations are also taking a fresh look at the merits of tradition. After all, Britain has been consciously cutting its ties with the old dominions since it joined the European Community in: 1973,

encouraging Australians to come to terms with their own region. From this perspective, Paul Keat-ing, the Labor prime minister, was

only reflecting the drift of opinion when he suggested earlier this year that Australia should become a republic and remove the Union symbol from the corner of the national flag. These ideas are still at the forma-

tive stage, and it may be years before either comes to fruition. But once people start thinking about such weighty ideas as national destiny, just about every facet of life is likely to come under the micro-

So it is hardly surprising that there are less frost inspired decora-tions around this year, or that snowy windowpanes have almost entirely disappeared or that fewer Christmas cards feature horse-drawn sleighs jingling down snowy village lanes. Even the schools are getting in on

the act. Children are still making models of Santa's sleigh, but the motive power is more likely to be supplied by kangaroos than reindeer. And koalas and wallabies are appearing in the Christmas There are still some oddities

about Christmas Down Under. At my local carol service in north Sydney, for example, shirt-sleeved chil-dren sang uncomprehendingly about events in The Deep Mid-Winter, and appeared entirely unim-pressed by the Boxing day, trials of poor, frozen, Good King

Increasingly, however, Australians are ready to put their own stamp on Christmas, even if no two people agree about what it should be. In time, a uniquely Australian Christmas may emerge, reflecting the development of a more mature and self-confident society.

But for now, it's everyone for himself. Me? I shall be throwing another prawn on the barble, and dreaming of a white Christmas.

Kevin Brown



Roderick Oram compiles the business quotes of the year

'We've already had

a million Germans

and a million

British guests, and

to have those

numbers in France

without a war

going on is really

something'

Michael Eisner Head of Disney, on visitors to its French theme park

"Stopping the company going

into receivership in October

1990 and October 1991. I'm

sorry I didn't perform a hat-

David James, company doctor-chairman of Davies & Newman, on his greatest achievement.

The December 1992 EGM voted

to wind up D&N and sell Dan-

Air, its main asset, for £1 to

"James has a lot to contribute.

But he may become part-time

and decide to elect for a non-

Derek Bonham, chief executive

of Hanson, the Anglo-US con-

Lord Hanson, the group's founder and chairman.

"I often tell people I sleep like

a baby. I wake up every 10 minutes screaming."

Tony Ryan, chairman and

founder of GPA Group, the air-

craft leasing company, three months before the group's \$800m flotation was abandoned.

"When the whorehouse burns

down, the pretty ones run out

in the context of the oil sector's

to relinquish his executive role.

"It doesn't take an Einstein to figure where the opportunities are ... And if that is a society

moving towards capitalism

then that's the place for me!"

George Walker, ex-boxer, ex-

chairman of Brent Walker, or

with the ugly."

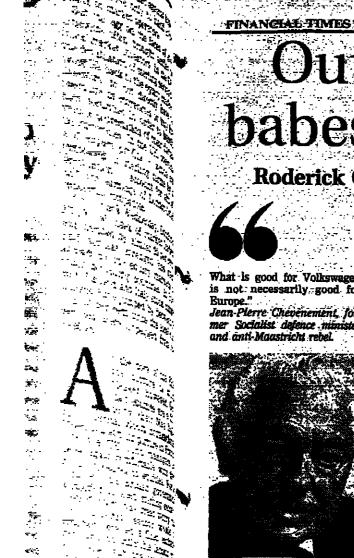
omerate, on the future role of

British Airtoays.

executive role."



What is good for Volkswagen is not necessarily good for Jean-Pierre Chevenement, former Socialist defence minister: and anti-Maastricht rebel.



'The European boat has to learn how to sail with the German elephant aboard'

Gianni Agnelli Head of Flat, on Germany's economic power

"I am tempted to take my family, go to my yacht and sail Bernard Tapie, Adidas owner, after resigning from the French

government.

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"De Beers would rather cut its throat than the dividend." Richard Stuart, a leading Johannesburg analyst, shortly before the company predicted it would cut its final dividend for only the second time in its his-

"I like to buy a company any fool can manage because eventually one will." Peter Lynch, legendary former head of Fidelity Investments' Magellan Fund...

"It's been four years and we still don't know what we have in inventory and we still don't know what we're selling." Sir Richard Greenbury, chairman of Marks and Spencer, on information systems at Brooks Brothers, its US store chain.

learned how to run a railroad." John Snow, chief executive of after the US railway group raised profits 19 per cent on flat revenues.

"Imagine the outcry from the black community if a brewer were to market a liquor entitled Martin Luther King Beer, or from the Christian Community for a Jesus Christ White Wine."

Gregg Bourland, chairman of South Dakota's Cheyerme River Sioux Tribe, after Hornell Brewing named its new malt liquor Cruzy Horse

"It has a strong, fruity fragrance accentuated with floral top notes." Mark Cash, an Esso advertising executive, on the odour of a new diesel fuel.

"We Swiss may get up early, but we wake up late." Zurich banker after the Swiss voted against joining the European Economic Area.

"In French we have an old Arab saying let the jackals bark, the caravan carries on." René Leclézio, chairman, of Lonrho, on the media's "misleading campaign of hysteria" about the international trading conglomerate.

"If your house price has fallen. you are afraid of losing your job, and you have high levels of personal debt you are bloody well not going to go out and spend money no matter where 'interest rates are." mucrest rates are. Geoff Mulcohy, chairman and chief executive of retail group

"Here is the person to be your minder, godfather, counsel-lor...He has one authority he's going to control the purse

strings." BTR's message to Housker Siddeley executives after it won control of the company with a £1.55hn bid.



'Other people at the top, like Nigel Mansell and Rod Stewart, are paid

huge sums of money, so why not businessmen?'

Grag HutchingsChief executive of Tomkins,
defending his salary of some £1m

why he and his wife were exporting cigarettes to Russia.

"They tend to be splintery type crumbs rather than ball-type crumbs."

Brian Lambe, finance director of Clifford Foods, on the company's decision to start producing Japanese crumbs for breaded fish makers.

"People take me for either an idiot or a hooligan. I believe I am neither one nor the other." Jean-Luc Lagardère, reacting to critics of his plan to merge his Hachette book and magazine publishing group with his Matra defence and transport



The last three years have been a bloody nightmare'

Alan Sugar On the trials of running Amstrad

Further Sugar lumps: "Prime karaoke candidates." On whingers at the EGM.

"I don't want to convince anyone of anything."
On why he had failed to visit the City to discuss his offer to buy out Amstrad shareholders.

"If the shareholders were to turn me down, one has to take it quite bluntly that they think I've been lying to them."

"I've told them it's best for them to get out. If they don't believe me, it's because they think I'm trying to trick them. That's the most hurtful thing at the moment." On shareholder rejection.

Roland Shane, chairman of Pre-mier Consolidated Oilfields, set-made a personal fortune... Tve sold lots of shares and ting his own sliding share price Look, in 1980 I had a company which was worth nothing."

The local authority is entitled

to open bags that do not have

a sticker attached to discover

And being a Swiss authority,

the culprits," a city notice

no doubt it will.

Big stick

■ Watch out, Baroness

no-nonsense style has

Brigstocke is on the prowl.

The former High Mistress of

St Paul's Girls' School, whose

Lady Thatcher's, has been

Great Universal Stores.

stint as a shopgirl at Selfridges, Heather Brigstocke

sometimes been compared with

appointed an associate director

of the powerful, but secretive,

Although she once did a

made her name as Britain's most formidable head mistress.

she has been doing some

a job – advising Lord

personnel.

Wolfson's family retailing

business on training and

Since she quit teaching in 1989,

consulting work for GUS and

has now been given a title and

She says she is "enormously

impressed" with the young

feels that there is "far more

has been realised". Sounds

familiar. Must try harder,

women she meets in GUS but

potential in the workforce than



LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Privatisation: |National lottery: a means to gas provides a lesson

From Mr T S Corrigan.

Sir, Proposals put forward by Sir James McKinnon, the gas regulator, that British Gas should be divided and his remarks on the permanency of conditions in the prospectus, which undoubtedly proved attractive to investors at the time, highlight the uncertainty facing users of postal services.

In announcing its plans to privatise ParcelForce and the wider review of the Post Office. which could result in further privatisation, the government has committed itself to the continued provision of nationwide parcels and letters services at uniform and affordable prices and a nationwide net-work of post offices. It has been stated unequivocally that these requirements are not negotiable.

Last month the council which I chair submitted its views on the government's two initiatives. In the case of ParcelForce we have stressed that if the universal service obligation is accepted by a purchaser it is important that the means are put in place to enforce the honouring of that obligation. Users expect appropriate machinery to be established to ensure the required standard of service, price and adherence by the provider. They also need to know how government proposes to guarantee continuation of the universal service should the purchaser of Parcel-Force fail or, as is now occurring in the case of British Gas, a significant change of direction be mooted some years on. Similar guarantees and the means to enforce them will be required in the event of a deci-

sion to privatise Royal Mail or Post Office Counters. Our understanding is that these issues are still under consideration by government. I believe it is vital that careful account is taken of the implications and the outcome of what Sir James McKinnon has now

proposed for British Gas. T S Corrigan. Post Office Users' National Council, Waterloo Bridge House, Waterloo Road, London SE1 fund a better quality of life The most successful business

From Baroness Sevar.

Sir, in your article on the national lottery ("Monopoly game", December 101, you point out that the funds from the lottery will be channelled to charities by the national

heritage secretary. Charitable voluntary organisations have in recent years become increasingly dependent on grants from government departments and there is a serious danger that many of them may become little more than administrative agents of the departments. Yet it is widely recognised that the value of voluntary organisations is their ability to criticise established practice, to experiment and to initiate work which such dependence can seriously undermine. To halt this trend alternative sources of finance, totally independent of government, are urgently needed.

The national lottery provides an opportunity not to be missed. Baroness Seear. House of Lords, Westminster, London SW1

From Mr Denis Vaughan. Sir, Your leader writer seeks to be more in love with financial principles than with the quality of life. The reason we proposed a national lottery was to fund those areas of British life which are dramatically underfunded. Our board defines quality of life objec-

fuller and richer lives. On the advice of some of the best economists in the UK, our board has proposed that the National Lottery should be mounted as a charitable foundation, with specific purposes. Thus it would increase the current £17bn turnover of charities to an estimated £18bn. The foundation, an idea first put forward by Sir Robin Day, would be out of the reach of government manipulation and thus in a position to make a

genuine contribution to new

ventures, with participation in

arts, sports and the environ-

for, would go into the foundation, rather than to the Treasury as direct tax. The funds that will flow back to Treasury tives as those which make as a result of the lottery's operavailable to the individual, ation will increase, because of from all walks of life, the its "feel good" effect on the public. In the Irish Republic widest possible range of both the top 20 charities' income and the betting duty healthy and vital leisure activities, so that all may enjoy have increased since the lottery started to function.

Were the UK lottery market to be opened up to a variety of competitors as you propose, no single lottery would be able to offer the large prizes which, throughout the rest of the world, attract massive and regular participation. So the total funds available for the regeneration of life throughout the country would be considerably Denis Vaughan,

in Norway is its lottery, which

is untaxed. Britain would be

wise to follow this example.

Residual funds, after prizes

and expenses are accounted

executive director, Lottery Promotion Company, 21 Floral Street.

Restrictions on access to US market to blame for breakdown of BA-USAir deal

ment as particular aims.

From Sir Colin Marshall. Sir, British Airways' reluctant decision to terminate its agreement to invest \$750m in USAir may indeed mean that a significant opportunity has been lost to liberalise transatlantic air services, but not for

Stephen Wolf (Letters, Decem-The proposals tabled by the UK government in early Octo-

the reasons put forward by

ber show very clearly that the UK has offered to remove the restrictions on services that may be operated from any airport, including Heathrow, by airlines of both sides.

The talks broke down because the US demanded immediate and unlimited access to the UK market while maintaining high protective barriers to its own market, which is 40 per cent of air

transport worldwide. Had they been prepared to agree to relax their outdated restrictions on inward investment, the two countries would now be on an assured path to a fully liberal agreement.

Colin Marshall, deputy chairman and chief executive.

British Airways, Heathrow Airport (London), Hounslow TW6 2JA

St Andrews apostrophed

From Douglas Gourlay.

In your otherwise excellent report on university research ("Top-quality research 'is scarce", December 18), you include in your list of universities that of St Andrew's. I have never heard of this university, although I am fortunate to

have a research degree from St Andrews University in Fife. Perhaps we will be seeing a Leed's University in next year's table. Douglas Gourlay, 137 Desswood Place,

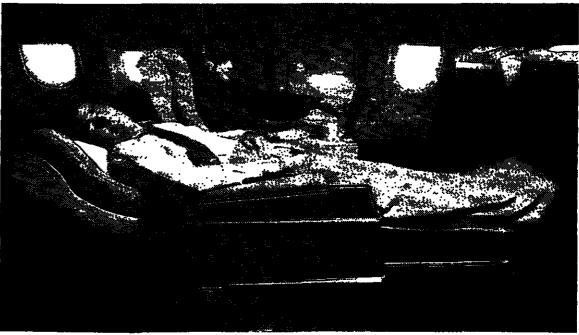
Too too bad

Salisbury, Wiltshire

From Mr John Anstis. Sir, Re Observer's "Dreaming spiral" (December 18) what manner of Oxonian would write "the hoi polloi" -"the the many". John Anstis, Stratford Lodge, 4 Park Lane,

to Dubai

(or Hong Kong, Singapore, Manila, Bangkok...)



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OBSERVER

Up and down at Barron's

For 26 years his column has been among the best loved - and feared - on Wall Street. But now Alan Abelson, the colourful 67-year-old editor of Barron's, has been sacked by his overlords at the mighty Dow Jones publishing group.

To be fair, Dow Jones has only asked Abelson to resign as editor and wants him to continue writing his outspoken and market-moving "Up & down Wall Street" column under a new editor. But Abelson, who only this week was calling for the boss

of IBM to quit and the

company to be declared an official disaster area, knows better than most the various ways to get rid of people without calling it "the sack". Few financial journalists have been as influential as Abelson, who has edited Barron's since 1981 and has worked there for 35 years. Indeed, in the minds of many of Barron's 250,000 subscribers

editor himself. "I came out of the womb and the first thing I saw was the Barron's logo," Abelson joked

the weekly magazine is

indistinguishable from the

yesterday. So what happened? "Two weeks ago I came to work and was told that Dow Jones wanted a new editor. It's a reasonable choice. It's their shop. I guess I'm a bit long in the tooth, although my teeth are still pretty sharp," says Abelson.

He would have liked Kathryn Welling, a protégé and associate editor, to take over. "But she is going into the business of mothering," and has decided to "take herself" out of the loop, as George Bush

would say. The worry now is that Dow Jones will replace Abelson

with a Wall Street Journal editor. If so, it could result in the sort of internal row which Abelson has so enjoyed reporting over the years. But for the moment he is behaving impeccably. "I have never felt this good in my memory. All of a sudden the weight of the world has been lifted off my shoulders. Sounds uncharacteristically diplomatic for Abelson.

Spanish practice A colleague flying to Spain with British Midland after Christmas was advised by the airline to telephone Avis about renting a car.

Yes, said Avis, we have a special deal for British Midland customers: £400 for two weeks. When mild disbelief was expressed at the rate demanded, the reservations clerk responded immediately with an even more special deal of £200.

The moral for prospective customers seems clear: when dealing with Avis, act on the company's slogan and try harder.

Beyond our Ken

■ Who would have thought it? The Sun is inviting its readers to write and complain. Not normally known for its contribution to raising readers' standards of literacy, the tabloid is cockily enjoining its faithful followers to, well, pen a letter of complaint about the content of Britain's top selling daily newspaper.

Ken Donlan, former Sun managing editor and Ombudsman these past four years, dealt with two big cases and heavily censured the paper, the tabloid informs us yesterday in an article flagged "Save our Ombudsman". But since then - shock, horror, probe - nothing.



'Ebenezer Scrooge, I am the ghost of Christmas future'

So wake up readers. Save his job by telling him "how you, personally, have suffered from intrusion or inaccurate

Sounds as if the Sun's editorial powers-that-be are trying to come up with an unusual foil for those politicians currently making nasty noises about anything from privacy to accuracy to a right of reply.

Sacks tax

■ The Swiss may be a bit befuddled after voting for isolation from the rest of Europe in a referendum earlier this month, but they are still Swiss. From January 1 in many communities, new regulations come into effect on the handling of household rubbish, designed mainly to require people to pay directly for rubbish collection. In Zurich, refuse will not be picked up unless it is in

specially coloured hags that

include the tax in their

these are now sold out.

purchase price. Of course,

In Basle, residents must

purchase and stick on each

Tail spin The spirit of amukadari the "descent from heaven" of

girls.

Japanese civil servants to senior positions in industry appears to have been turned on its head at Mazda. Kenichi Yamamoto, who developed the carmaker's rotary engine and led its 1980s expansion, has stepped down as chairman, where he is replaced by Norimasa Furuta, to become "supreme adviser".

bag a little tax stamp. And woe betide those who fail to do so.



and player.

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Imagine being served the sort of six-course meal worthy of an award. (In fact, our in-flight service has won us 29 international



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FINANCIAL TIMES

Wednesday December 23 1992



Refugees lost in a foreign land

Judy Dempsey in Croatia talks to Bosnian survivors of Serb camps

OMETIMES Nenad stands killed each night. Their bodies for hours on the main Square of Karlovac, an elegant 19th century town south of Zagreb, the Croatian capital. There, in the bitterly cold fog, he waits for news of his mother and two sisters of whom he has heard nothing since May 26. That was the day Serb paramilitary units entered his home in Kamicani

village, northern Bosnia. "I was arrested on that day, I don't know why. All the men in the village were rounded up and moved to the camp at Keraterm. In early June, we were moved to the Omarska camp. All I know is that my sisters and mother were taken away to the sports hall near Prijedor, in the north of the republic. I have heard terrible reports about rape, but I do not want to think about it." he said.

Nenad, aged 22, was dressed in a jumper, jeans and anorak provided by the International Red Cross. He has no other belongings. Neither does he have a home to which he can return. "My father was forced to sign away our house. He has disappeared. The entire village has since been destroyed," he said

softly. He spent 72 days at Omarska, and then, along with hundreds of others, was transferred to Manjaca, in northern Bosnia. "That camp was very bad." he explained. "Many people were murdered, often in cold blood. There were massacres, carried out in front of our eyes. For a while, about 20 or 30 people were resettle them, but there have

were piled upon each other. The next day, they were sometimes burned. At times, I could not bear it." He paused. He lowered his eyes and started to cry. "I want to be with my family. I want to live in peace. Please help us," he said, placing his hands

over his face. Nenad is just one of 3,000 former detainees, mostly Moslems, from Manjaca, who were finally released by Bosnian Serb forces in December. Many have similar stories to tell. Yet none feel bitterness or anger towards the European countries. "We are not blaming Europe in the way they treat Bosnia. Europe is not guilty. It is we who are the guilty ones because we were too peaceful. We should have armed ourselves. All we ask now is for weapons," said Rusmir, a 43-year-

old craftsman. After negotiations with the Croatian government in November, the IRC set up a transit camp for the former detainees of Manjaca - the only camp in the entire former Yugoslavia - with the hope of resettling the refu-

gees in a third country. So far, the response from the international community has been abysmal, according to Mr Alf Nordström, one of the main Red Cross co-ordinators in Karlovac, a former Habsburg garrison town.

"These poor people have nothing left," said Mr Nordström. "Many countries promised to been a series of broken promises. These people are the victims of ethnic cleansing, yet the west is turning a blind eye to this inhumanity. Have we learned nothing from the second world war?"

The release from Maniaca camp has brought small relief to the former inmates whose helplessness contrasts sharply with the sounds of Christmas festivities from Croat restaurants behind the square. Many do not want to be resettled without first being reunited with their families. Besides, most want to go home to Bosnia. "It is my home," said Haris, a 33-year-old car mechanic. But Nenad does not want to think about going home. "Home is with my mother, and siblings, regardless of the coun-

ed Cross officials have no idea how to unite families that have been forcibly divided. "We do not know where the women and children are," said Mr Nordström, a Swede, who arrived in Karlovac three months ago to help the ref-ugees. "Even if third countries stuck to their promises, these young men will not leave without their families. We are running out of room here," he added.

Every day, hundreds of young and old men gather in the square awaiting news of their relatives. On December 17, a bus bringing detainees from Manjaca arrived in Karlovac. Some women refugees who had escaped to Croatia. travelled to Karlovac to see if

their sons, husbands or brothers

were among those released.
"My children were not on the bus." wailed Amira, a 53-year-old mother of four sons. Local Bosnian Serbs had stoned the bus as it crossed the border into Croatia.

Every day, Amira travels from a refugee camp on the other side of Zagreb to see if her family will ever be reunited. But nobody can offer her hope, particularly because she is the mother of doctors and engineers. "It is hard to explain the process of selection,' said Nenad. "In Omarska, for instance, the Serbs separated the professionals and the wealthy men from the manual workers. These were my neighbours. I never saw them again," he added.

Adil, a 45-year-old doctor said he was lucky to be alive. "Do you know about Katyn, when the Russians killed the cream of the Polish professional class during world war two?" he asked. A crowd of young and middle-aged men had gathered around, and listened in silence as Adil continued.

"The way the Bosnians were categorised reminded me of that. It is as if, when all this is over, there will be no solid professional or civil class to rebuild our society. I do not think the Serbs had a solid method or plan. But the way they selected people and then took them away makes me believe that they tried to prevent us from ever again creating a professional elite. Do you know what I mean?"

Nenad was still crying.

of privatisation, and Mr Alexander Shokhin, deputy prime minister for foreign economic affairs were said to be using the president's support as leverage to gain

Russia's representative at the World Bank, to become deputy ministries of finance and the economy. Under a new government law

day, Mr Yeltsin will lose direct control over four vital ministries foreign affairs, defence, interior and security. Ministers for these portfolios

must now be agreed by parliament. The move is likely to spell the end for Mr Andrei Kozyrev, the unpopular, liberal foreign minister - assuming he has not not already been excluded from the cabinet list drawn up by Mr

Deputies also voted against a

dent as the chief executive power - though it did allow him to the issue to parliament,

Valerian Kulikov, deputy chairman of the Russian central bank. said last night. Mr Kulikov said an article in the daily izvestiya quoting him as saying that such a decision was due "any day

Mr Guery questioned whether the UK could block electricity

prices were too high.

dence to the UK government and the select committee of MPs who are looking into the coal crisis that severance of the link would damage consumers' interests by

driving up prices.
It also claims that a cut in

by oil-fired power stations. EdF has also rejected charges

In London, Mr Heseltine said that mining would not restart at the 10 pits which the High Court pendent review before they are

demand elsewhere in Europe, leaving the UK to rely on increasing its share the plunge, possibly because its develof a dwindling market. The deprecia-tion of sterling against the dollar may oping world involvement would make US disclosure requirements particuhelp win new business in the growing larly onerous. markets of Asia and Latin America, Relief that the bank had not decided to solve the problem through a rights but even this is unlikely to compenissue helped its shares advance 4 per sate for a likely rise in both the value and volume of imports. cent yesterday. They may have further That the devaluation is already hav-

carried away. The Bombay scandal will mean a high tax charge as well as provisions this year; Standard will have to make additional provisions on its £100m Isosceles exposure. Then there is its reputation for being accident-prone. The bank is at pains to stress the commercial justification for selling its Hongkong property at this stage in the cycle. If it is right, one has

to hope it will not now use the proceeds to lend aggressively on real

UK economy

Those who have been pacing the economic garden in search of green shoots may derive modest encouragement from yesterday's trade figures. Excluding erratic items, the volume of non-oil exports grew 4 per cent in the three months to November, while imports were flat. That is doubly gratifying, as it is too early to expect September's devaluation to have had much effect on export volume. Perhaps rising British productivity will make for a spot of export-led recovery. At least, net exports should make a positive contribution to fourth quarter

How far the advantage can be sustained is another matter. Devaluation

the week.

With no commuting difficulties, an eager, highly

skilled workforce and rental

costs typically less than half those in the South of England, a working week in

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Standard Chartered

Share price relative to the FT-A Banks Index

1988 '89

benefits may be offset by declining

ing its effect on imports is clear from

the 4 per cent rise in their unit value

in the latest quarter. Volumes may

rise, too, at the first sign of real

domestic recovery. Indeed, the 12 per

cent fall in car imports over the quar-

ter to November looks something of a

blip, given the revival in registrations.

It may be 1994 or even later before the

trade deficit reaches unmanageable

proportions. Just the same, worry about the trend will probably over-

hang the recovery from mid-1993.

91

It is difficult to exonerate Standard Chartered entirely from the charge that it is selling the family silver to pay for its losses in Bombay. Had it not had to make £100m in provisions on its Indian business this year, its capital ratios would be stronger. But the bank's sale of real estate in Hongkong, Singapore and Malaysia is also a response to a more serious underlying problem; its capital is denominated in sterling while its assets are mostly in dollar-related currencies.

Without the property proceeds, ster-ling's depreciation would have taken its tier I ratio down to only around 4.6 per cent at the year end. Instead the ratio should end up at a more comfortable level close to 5.5 per cent, enabling the bank to keep pace with Asia's rapid economic growth. An alternative solution might have been to raise dollar preference capital, but Standard seems cautious about taking

to rise, but there is a danger in getting

Aircraft orders

Most industries would regard landing a \$3.4bn order as a pleasant way to end the year. However for Airbus, yesterday's agreement with Singapore Airlines to supply 20 long-range jets can only be cold comfort. The market for new airliners has been softening all year and two weeks ago Northwest Airlines cancelled orders worth \$3.5bn. Worldwide, more than 800 civil aircraft were delivered last year, the total may fall to 500 by 1994.

Boeing, Airbus and McDonnell Douglas are all reducing output, but further cuts will be needed. By some estimates airlines are at present not using between 10 and 15 per cent of their capacity. The parlous finances of

likely to cancel orders. In addition, the status of some planned purchases by the Irish leasing group GPA - which alone accounts for 10 per cent of all aircraft currently on order - is uncertain. Besides, companies which have placed orders recently want delivers in the second half of the decade.

Military business used to protect some manufacturers from such cyclical swings in the civil airliner market. but defence cuts are forcing aircraft makers and their suppliers to transfer as much business as possible into the civil area just as the market worsens. British Aerospace is one company caught in this down draught, yet its shares have recently been supported by a possible further large order from Saudi Arabia and a joint venture with Taiwan. Either may bail out the company in the short term, but the muchtouted Airbus profits seem as far away as ever.

Christie's

Christie's confirmation of faint stirrings in the art market comes as a considerable relief to the hard-pressed auction house, but it may have a wider significance too. Increased demand for pretty pictures adds to the impression that the investing classes are finally recovering their nerve.

Although modest, Christie's 4 per cent improvement in dollar-denominated sales this autumn shows the serious art market is at last heading in the right direction. The number of lots topping \$1m rose from 34 to 38, with a sale of impressionist paintings in New York being particularly well-supported. Demand has been fuelled by private American buyers rather than the Japanese corporations and Australian entrepreneurs who drove up prices in the 1980s. America's wealthy may believe they have seen the floor for asset prices. Alternatively, they may simply be fed up with the returns from cash or IBM shares.

The art market, is, though, still severely depressed, as Christie's and Sotheby's sorry profits testify. Sales stand at only 40 per cent of peak levels. Christie's decision to follow Sotheby's in lifting its buyer's premium from 10 per cent to 15 per cent should help margins rebound when real recovery takes hold. Added to their seller's commission, the auction houses will keep up to 25 per cent of the price of many sales. Such are the joys of duopolies, if not of fickle mar-

Moscow in turmoil | France to renew UK over cabinet posts

By John Lloyd and Leyla Boulton in Moscow

THE RUSSIAN government was in turmoil last night as its radical and conservative camps strove to place their own ministers in portfolios responsible for the shaky Mr Pyotr Aven, the trade min-

ister, resigned and was reported

to have told aides: "Once facting prime minister] Yegor Gaidar Mr Aven, one of the "inner core" of young ministers who launched Russia's economic reforms last January, was in charge of negotiations with the Paris and London clubs of sover-

debt from the former Soviet Union. President Boris Yeltsin, who was said by his press secretary to be suffering from a "slight cold". said on Saturday he would insist that new prime minister Viktor Chernomyrdin kept the reform team in his new government.

eign and commercial creditors.

Russia inherited \$70bn-\$80bn of

Mr Yeltsin's illness was serious enough to have caused the cancellation of tomorrow's planned meeting with Mr Leonid Kravchuk, the Ukrainian president. The Russian president will also again put back the meeting already postponed three times -

with the heads of the Common-

wealth of Independent States in

the Belorussian capital, Minsk. set for Friday. As the government battle raged on in spite of Mr Aven's resignation, it was clear last night that the struggle for reforms was still going on and had reached a deci-

The two senior pro-reform ministers – Mr Anatoly Chubais, deputy prime minister in charge

the appointment of Mr Boris The aim is for Mr Feodorov,

approved by parliament yester-

Chernomyrdin and Mr Yeltsin.

proposal from Mr Yeltsin that an article be inserted into the law on government confirming the presi-

sack the prime minister on his own account, rather than refer Russia had no present plans to introduce its own currency, Mr

now" was inaccurate.

electricity contracts

By David Lascelles, Resources

ELECTRICITE DE FRANCE, the French state-owned utility, intends to go ahead with new contracts to sell electricity to the UK next year in the face of claims that French power is damaging the British coal

Clarification of France's intentions came yesterday as Mr Michindustry secretary, rejected pressure to reverse his programme to close 31 coal pits at a cost of 30,000 jobs following a High Court ruling that it had been con-

ducted unlawfully. Mr Jean-Pierre Guery, the head of European sales, said that EdF would seek to renew its membership of the UK electricity pool, the market for bulk electricity, when it expired in April. It has already begun to negotiate contracts with individual electricity

EdF currently sells about 6.5tWh of electricity a year to the UK through a cross-Channel

This is equivalent to 5-6 per cent of electricity sales in England and Wales. But British Coal claims that these sales are reducing the potential market for UK-mined coal by 6-7m tonnes a year, and costing over 6,000 miners' jobs.

The future of the 10-year-old cross-Channel link is one of the issues being examined by Mr Heseltine in his energy review. Some MPs have called for the link to be severed, or for changes to enable exports of UK electricity to France.

imports under EC rules. And although EdF was willing to consider imports of UK electricity, he doubted that there was any early prospect of this because UK EdF has been arguing in evi-

rebuffed by Heseltine

Struggle for power under the Channel

imports would not enlarge the market for coal. This is because EdF's power supplies the south of England which is served mainly

that it is subsidised. Though state-owned, it says it is a freestanding commercial company which is expected to make a profit, and provide in full for its liabilities.

ruled must be subjected to inde-What the court was concerned

about was the independence of the consultation process that is under way," he said on BBC

T. You're probably used to Gwent can be totally fitting in those informal satisfying. discussions with your So next time you customers or suppliers at the find yourself in the weekend, and with the sort of office at the weekend. why not take time to fill success your business is likely to achieve in Gwent, you'll in the coupon? It's a move you'll never still have to. But at least you won't Even in a Perfect World you could still bave to work weekends 's have to travel into town or meet on the motorway. Golf courses, fishing rivers and delightful pubs and hotels abound in 6went, turning business into a positive pleasure every day of

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Alsthom in HK\$20bn power deal

By Andrew Baxter in London and Simon Davies in Hong Kong

GEC ALSTHOM, the Anglo-French engineering group, and General Electric of the US yesterday won one of the world's biggest power plant contracts with a deal believed to be worth about HK\$20bn (\$2.6bn) to supply equipment for a power station in Hong Kong.

A consortium led by GEC Alsthom will supply plant for the 2,400MW first phase of the Black Point combined cycle gas turbine power (CCGT) station. It fought off a challenge from Siemens of Germany to win the deal.

Black Point is the world's big-

gest CCGT station to be

announced this year, and vies

bine. Eight of these, built in

with a plant planned by Tokyo Electric Power as the world's biggest CCGT station. CCGT uses gas and steam to provide power more efficiently and cleanly than coal-fired stations. The Hong Kong government

yesterday gave formal approval for Black Point, which will be Hong Kong's first power station fired by natural gas. Due to start operating in 1996, it will have an eventual capacity of 6,000MW. The deal caps a successful year for both GEC Aisthom and GE following their co-operation on development of the 9FA gas tur-bine, the world's largest gas tur-

France and the US, will be used

at Black Point in combination

with US-built generators.

The contract underlines the growing importance of the Asian market for major western power equipment producers, and comes as the use of gas for power gener ation is being questioned in the UK following a row over the government's botched plan to close

31 coal mines. The consortium signed the deal with Castle Peak Power, which is 60 per cent owned by Exxon Energy and 40 per cent owned by China Light and Power, the monopoly supplier of electricity to Kowloon and the New Territories of Hong Kong. CLP said the project underlined the company's confidence in

Hong Kong. The Chinese govern-

ment only recently threatened not to honour Hong Kong govern-

extending beyond 1997, unless they have been approved by But China is playing an integral part in the CCGT station, since Black Point is to make use

of a natural gas field off Hainan The main plant supply contract is being financed through export credits from France, the UK and the US and a commercial loan

fully underwritten by a group of international banks. The total financing package, which is expected to exceed \$2bn, was arranged by J. Henry Schroder Wagg and Wardley Capital. with Société Générale as lead manager for the French export credit.

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COMPANIES & MARKETS Wednesday December 23 1992

MoDo

French retailers in a chilly climate

When Mr Jean-Jacques Delort this week resigned as chairman of Printemps, one of groups, he closed the latest chapter in the saga of French retailing, His departure, following a row with Mr François Pinault, whose industrial group acquired Printemps last year, is only one of the dramas to have hit French retailing in the past week. Page 12

Beefing up guines-pigs



eating guinea-pig (above) for millenia, with the traditional portion being one animal. Now a to bear fruit. The guinea-pigs are getting big-ger, and now one can serve four hungry coun-trydwellers. Page 17

Restructuring helps Isuzu

Isuzu Motors, the Japanese vehicle maker with close links to General Motors of the US, yester-day announced a pre-tax loss of Y23.5bn (\$191m) for the 12 months to the end of October. The result was an improvement on the previous year's loss and a sign that its restructuring programme is making an impact.

Slowdown in Columbia

For Colombia, 1992 has been a very difficult year as severe power rationing, low coffee prices and guerrilla attacks on the oil and min ing industries took their toll on economic growth. This has been reflected in the performance of the Colombian stock market which has risen more modestly this year than last.

Slow growth for equity offerings Difficult stock market conditions in Europe and the US held the growth in international equity offerings in check this year. The total volume of International equity issues increased only 7 per cent, according to figures compiled by Euromoney. Page 14

Understated confrontation

A potentially long and tense confrontation between Union Bank of Switzerland (UBS) and its largest shareholder began yesterday in a typically understated Swiss way. Page 12

DCC in bid for Wardell Roberts DCC, Dublin-based industrial holding group, made a recommended bid for Wardell Roberts, the Irish snackfood and healthfood distributor, just a week after backing a management buy-out of Printech, a printing sup-plier to the computer industry. Page 15

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Chief price changes yesterday FRANKFURT (DN)

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Rises				Mercury Asset	395	+	30
Albrighten	13	+	3	Nobe Gravo	122	+	6

IRI to reveal plans for high-tech group

DETAILS will be announced today of plans to create a single Italian high-tech-nology group covering companies con-trolled by the IRI state holding concern. Shares in Finmeccanica, IRI's aerospace and engineering subsidiary, were suspended yesterday pending an

OTHE FINANCIAL TIMES LIMITED 1992

annonncement. The suspension also covered Finmeccanica's listed Alemia aerospace and Elsag-Bailey precision engineering offshoots.

Terms of the deal, which has been preceded by detailed valuation work, will be released later today. Shareholders in Alenia and Elsag-Bailey will be offered equity in Finmeccanica.

It is not known whether there will be a cash alternative. Nor is it as yet clear why shares in Finmeccanica's quoted Ansaldo Trasporti subsidiary has not been suspended.

The plan crowns Finmeccanica's ambition to become the single quoted vehicle The moves are the curtain-raiser to an for all IRI's high-technology industrial offer by Finmeccanica to buy out minoriactivities. Apart from Alenia and Elsag-

Bailey, Finmeccanica's operations include the big Ansaldo engineering and transport

equipment concern.

The group, which has 56,000 employees, had sales of L10,966bn (\$7.78bn) last year. After meeting a European Commission requirement to repay IRI L719bn in aid and interest to the Alfa Romeo cars group. formerly owned by Finmeccanica, it posted a 1991 loss of L525bn.

Finmeccanica executives have claimed that a single listing would provide substantial financial and marketing benefits. That strategy has been indirectly boosted by the new Italian government's privatisa-

tion plans. Last week, Mr Piero Barneci, the treasury minister, forecast eventual capital increases for both Finmeccanica and Stet, IRI's telecommunications holding company, including a much bigger role for private shareholders.
Finmeccanica took a first step in Octo-

ber, when it gained a stock market listing through the reverse takeover of its already-quoted Sifa property and securities trading arm.

Bankers question Finmeccanica's claim that a single listing will prove more attractive to investors than the current situa-

Heavy weather for BA's ambitious global strategy

Paul Betts and Nikki Tait on why the airline's proposed partnership with USAir was grounded

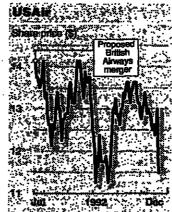
RITISH AIRWAYS has fulfilled two of its three strategic goals this year to become the world's biggest global airline. But the most significant component of this strategy col-lapsed yesterday when the UK flag carrier announced it was pulling out of its proposed \$750m deal to buy a 44 per cent stake in USAir, the sixth largest US car-

Last week, BA was chosen by the Australian government as the preferred international airline partner for Qantas. Earlier this year, BA consolidated its position in the European market by acquiring Dan-Air, the ailing UK regional carrier, taking large minority stakes in TAT, a French regional carrier, and in a new German airline venture called Deutsche BA. In Russia, it launched a new international joint airline venture with Aeroflot called Air Russia.

But the biggest prize was always a partnership with a US airline to strengthen BA's reach into the world's single biggest aviation market. After failing two years ago to forge a strategic alli-ance with United Airlines, BA last year sought to form a strategic alliance with KLM Royal **Dutch Airlines and Northwest** Airlines, KLM's US equity partner. That deal also collapsed and BA turned its attention to USAir. For USAir, BA provided a

it access to the international market. For BA, USAir provided the passenger feed it was looking for to boost its transatlantic The pressure to secure a ally in

the US had been increasing for BA following the takeover of the old Pan American and TWA transatlantic routes two years



ago by the big three US carriers American Airlines, United Airlines and Delta Air Lines. Since their multi-million dollar route acquisitions, these three airlines have launched an aggressive offensive into the European mar-ket. But suddenly faced with a direct challenge by BA into their own back yard, they ganged together to put intense pressure on their government to block the BA-USAir deal unless they were granted greater access into the UK market, especially BA's home

base of Heathrow. Lord King, BA's chairman, and Sir Colin Marshall, the UK airline's chief executive, argued strongly against any further opening of Heathrow to US carrieased its tight regulations on foreign ownership of US airlines and granted UK carriers more access into the US market. The deadlock intensified with

neither side prepared to give ground on the basic issue: greater access to Heathrow for US carriers in exchange for the



However, the UK carrier has not given up the possibility of negotiating a revised deal with USAir in the New Year. If the collapse of the deal is a

strategic set-back for the British carrier, it presents a more immediate problem for the US one. Quite simply, USAir could have used the cash. Ever since the BA proposal was

announced last July, USAir has walked a lobbyist's tightrope. On the one hand, it has proffered its ailing financial condition and the fear of future job losses as reason for politicians to support the BA transaction. On the other, it has been anxious not to alarm the financial community, nor US travellers who have grown wary

But USAir's financial state-

ments show that between the beginning of 1990 and the end of September, 1992, the company lost almost \$1bn after tax. It is also carrying around \$2bn-worth of long-term debt on its balance sheet - in part, the product of operationally-troublesome mergers with Pacific Southwest Air-



Lord King calls a halt to the deal

lines and then Piedmont Aviation in the late-1980s. These borrowings cost over \$200m a year to service, while USAir last made an operating profit - a flimsy \$21m in 1989.

So how has the Arlington-based carrier stayed afloat? Like many of its competitors, USAir has become adept at collaterising assets and rescheduling aircraft deliveries. The carrier has also held a series of negotiations with

ore fundamentally, however, USAir has VI reorganised its flight schedules, pulled out of some Californian markets, and wound down its presence at the former wage concessions from its main employees - flight attendants excepted - said to be worth

Whether the overall result of these moves adds up to profits in 1993 - let alone profits which meet the debt service requirements - depends to a considerable extent on the business envi-

ronment which the carrier faces. This looks a little brighter on the back of the improving US economy, but a year ago, few would have predicted the savagery with which price-cutting gripped the industry in 1992. "I don't think there's a

short-term crisis right around the corner, but the environment is still very difficult," said Mr Robert Ray at Moody's, the US credit rating agency, which now has USAir debt ratings under review with direction "uncertain". What appears clear is that

USAir does not intend to remain

a regional carrier. And since the company's main attraction is its strong East Coast-based route network, a Transatlantic partner As for BA's own future, it clearly intends to try once more

to forge a working partnership with a US carrier to complete its global strategy. If USAir remains elusive, the

UK carrier is likely to scour the US for another suitable match. The list of candidates, however, is becoming worryingly short.

Big Six accounts groups lift fee income

By Andrew Jack in London

THE WORLD'S largest six international accountancy networks boosted fee income 6 per cent to \$31bn in the last year, according to figures to be published today by International

Accounting Bulletin.

KPMG Peat Marwick topped the list with income from 124 affiliated firms up 2.3 per cent to \$6.2bn in the year to September 30, while it reduced staff and partner numbers by 4 per cent to

The remaining Big Six firms in descending order by fee income – were Ernst & Young, Arthur Andersen, Coopers & Lybrand, Deloitte Touche Tohmatsu and Price Waterhouse.

With the exception of Arthur Andersen, most of the interna-tional networks are loosely integrated associations of firms which share referrals but not profits or liabilities.

Because they are partnerships, none publishes profit figures. In spite of reduced staff numbers and the prolonged effects of the global recession, fee income for the leading 28 networks rose by 11 per cent, comparable with the previous year.

Andersen reported fee income

up 12.7 per cent to \$5.6bn in the year to August 31, and was one of very few firms to increase staff from 59,797 to 62,134. Kreston International boosted

fee income 34 per cent to \$189m, Clark Kenneth Leventhal by 23 per cent to \$487m, and Nexia International by 19 per cent to \$483m. Much of this growth came

through the addition of new members to the networks of the firms. Only one network - GMN

International – reported a decline, with income down 0.6 per cent to \$165m. The 28 international accountancy networks listed generated fee income of nearly \$41bn in the

latest financial year. But the figures in the report, published by the Lafferty business information group, illustrate the continued dominance of

the leading "Big Six" accoun-The top six firms reported income of \$31bn in their most recent year, with a substantial jump from the seventh largest, BDO Binder Hamlyn, at \$1.2bn

to the sixth, Price Waterhouse, at \$3.8bm Total employment across the 28 networks was about

Ciments Français bids for the remainder of Guintoli

By Alice Rawsthorn in Paris

CIMENTS Français, the troubled French cement group, has bowed to pressure from the Paris stock market authorities by mounting a bid for the remaining shares in Guintoli, the building company linked to the scandal over its offbalance sheet dealings. The bid values Guintoli at

FFr466.7m (\$87.2m). It has been made by Ciments Français and Paribas, the French bank, which, following this autumn's scandal, was forced to offer to repay FFr500m of the FF16bn it received for selling are offering FFr890 a share for the 67.1 per cent of Guintoli's equity the former does not already own. This is the same price that Ciments Français paid for its original 32.9 per cent

Paribas' involvement forms part of its agreement with Ital-Under the terms of that deal, it

now owns Ciments Français' existing stake in Guintoli and will be entitled to any shares that are subsequently acquired. The offer follows an announcement last week by the Conseil control of Ciments Français

to Italcementi of Italy. des Bourses de Valeurs, the Ciments Français and Paribas French stock market regulator, that Ciments Français should bid for Guintoli after the discovery that the off-balance sheet dealings - worth FFr1.05bn overall - had raised the group's stake above the 33.3 per cent level at which, under French law, a com-

pany must make a full offer. Meanwhile, the Spanish stock market authorities have yet to complete their investigation into Ciments Français' investment in Cementos Molins, a Spanish cement company in which the French group may have raised its minority stake above the trigger level for a bid.

Standard sell-offs raise £200m

By Robert Peston, Banking Editor

STANDARD Chartered has raised £200m (\$304m) from a series of property sales in Hong Kong,

Malaysia and Singapore.

The properties, which include its Hong Kong headquarters and several branches, cost the bank only £13m and were valued in its balance sheet at £77m. It has owned many of them for

Mr Rodney Galpin, the chairman, who is due to retire next year, said the sales were carried out as part of the bank's strategy of concentrating its resources on

its international banking busi-

They followed the disposals at the end of 1989 of the bank's London headquarters and its Singapore office block for a combined total of £403m.

in the current series of transactions, the biggest disposal is that C180m increase in the bank's tier of Standard's interest in its Hong

Kong headquarters building to Amoy Properties for £74m. This sset had cost the bank £2m. Last week, it announced the disposal of 13 commercial buildings in Hong Kong, occupied by its branches, for £64m. The purchaser was Koon Wah. A number of residential, com-

mercial and investment properties in Singapore and Malaysia are also being sold. Some of these date from Standard's beginnings in UK colonial banking before the First World

These sales mean that some of Standard Chartered's Asian operations will now have to pay rent on the premises they оссиру.

However, a Standard executive

said that the bank would earn

more in 1998 from investing the sale proceeds than it would be paying in new rents. The deals will also lead to a

one or core canital, which is a



Rodney Galpin

measure of its balance sheet strength. Standard Chartered shares rose The top performing Investment Trust in the 'Europe' sector:

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Happy Christmas to all shareholders!

The ECU Trust plc was launched in July 1990 and invests in listed European Community equities with the objective of capital growth.

The net asset value has increased 39.7% since launch to 30th November 1992, compared with the Morgan Stanley Capital International EC Index which has increased by 4.6% over the same period.

The rankings have been supplied by the Financial Times Statistics Service published in the December 1992 issue of Money Management, based on mid market to mid market price, net income reinvested.

Enquiries to the Manager:

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Please note that the value of, and income from, shares may fall and you may not get back the amount you have invested. The past is not necessarily a guide to future performance. This advertisement has been approved by Gordon House Securities Ltd, a FIMBRA member

INTERNATIONAL COMPANIES AND FINANCE

Sweden provides fresh start deal for Nordbanken

By Christopher Brown-Humes In Stockholm

THE SWEDISH government is providing a further SKr14bn (\$2bn) in equity and SKr10bn in guarantees as part of the reconstruction of the troubled Nordbanken group.

The announcement yester-day came as the state said it would formally take over Securum AB, a company holding SKr67bn in bad loans and shares (SKr50hn after writedowns), from Nordbanken at the beginning of 1993.

The aim is to provide Nordbanken with a fresh start, facilitating the bank's eventual return to the private sector. while gradually disposing of the assets within Securum. The government is financing

- 11

Securum with SKr24bn in equity and it is providing a SKr10bn guarantee for a further SKr30bn in credits which Nordbanken is making on favourable terms to Securum. The support is in addition to

a SKr10bn injection which Nordbanken received from the state last month, and it includes SKr10bn of help staff 20 per cent to 4,500 people.

already promised but not given. It means the state will contribute a total of SKr34bn in equity to resolve the prob-

lems relating to Nordbanken. Nordbanken was generally considered to be in a more critical condition than the other banks in Sweden's ailing financial sector. However, the figures announced yesterday were much higher than indicated in June, when a SKr20bn support package was announced. The deterioration implies more support is going to be required for the Swedish banking system as a whole

than previously thought. The worsening in the general economic situation is the main reason for the change.

Nordbanken's credit losses including those within Securum, will now be SKr10bn more than the SKr6-SKr8bn estimated in May. The government also accepts that it will take longer to dispose of the assets within Securum and prices realised will be lower. than it thought earlier.

The bank is also cutting SKrlbn off costs and reducing

Sindy to have facelift after legal spat with Barbie

By Guy de Jonquières, Consumer Industries Editor

SINDY, once Britain's favourite doll, is to undergo plastic surgery to settle a long international legal dispute with Barbie, her older and more successful American

Hasbro, manufacturer of Sindy, agreed yesterday to re-model her head to distinguish her from Barbie, made by Mattel. The settlement came shortly before a copyright battle between the two US companies was due to go to the UK High Court next month.

The dispute began after Hasbro acquired the licence to Sindy from Pedigree, the UK toy company, in 1986 and set about altering her appearance. The once demure tweed-clad

Sindy suddenly acquired a glamorous face and shapely

Mattel responded with lawsuits, charging that Sindy had become an imitation of Barbie. Earlier this year, stocks of Sindy were seized after a French court ruled the doll violated Barbie's copyright, Mattel has also won cases against Hasbro in Germany, Belgium and the Netherlands.

Barbie, who is sold in a variety of models and costumes, is believed to be the most successful toy range ever. Since she was launched 33 years ago. more than 700m Barbie dolls have been sold in almost 70 countries, and Mattel expects sales this year to be worth a record \$1bn (£600m).

doll is sold every two seconds.

UBS faces challenge from key shareholder

By lan Rodger in Zurich

A POTENTIALLY long and tense confrontation between Union Bank of Switzerland (UBS) and its largest shareholder began yesterday in a typically understated Swiss

BK Vision, a Zurich-based investment trust which holds SFr664m (\$469m) worth of UBS shares carrying nearly 4 per cent of the votes, sent a letter to its shareholders saying that it had contacted UBS about changes in the composition of its board announced last week-

The letter, signed by Mr Kurt Schiltknecht, managing director, said the trust sought to put forward the interests of our company as shareholder in a direct conversation with them"

Mr Schiltknecht said he would not comment publicly on the substance of the trust's concerns about the board changes, but it is widely known in Swiss financial circles that the dispute is over the UBS board's decision not to renominate Mr Christoph Blocher, a controversial industrialist-politician, to its ranks at the annual meeting in

BK Vision is one of two specialised investment trusts set up last year and managed by BZ Bank, a maverick Zurich securities house led by Mr Martin Ebner. The other is Pharma Vision, of which Mr Blocher is chairman.

In both cases, the trusts have taken over shares held by large institutions with the view to creating a single large shareholder capable of putting pressure on companies' managements. In particular, it advocates having independent representatives on company boards, and it undoubtedly sees Mr Blocher as one such at

UBS said it was sacking Mr Blocher, who is a member of the federal parliament, because of his alleged advocacy of government regulation of mortgage interest rates and of bringing the Swiss central According to Mattel, a Barbie | bank under parliamentary

are digesting sizeable acquisi-HEN Mr Jean-Jacweek resigned as chairman of Printemps, one of France's most famous depart-

the latest chapter in the saga of French retailing. His departure, following a row with Mr François Pinault, whose industrial group acquired Printemps last year, is only one of the dramas to have hit French retailing in the past week. Tesco, the UK supermarket group, last Friday took control of Catteau, a chain in northern

On the same day, Carrefour, one of the biggest French retailers whose chairman. Mr Michel Bon, resigned this autumn after reporting a sharp fall in interim profits, announced that November's sales had been "the worst in (its) history", and issued a profits warning.

France.

ment store groups, he closed

The French retail sector is struggling against weak demand and pressure on prices at a time when Germany's heavy discounters are expanding into France and the big indigenous groups - Promodès and Casino, as well as Carrefour and Pinault-Printemps -

tions. These problems are aggravated by the historically low profitability of some areas of French retailing, notably

Life has been tough in French retailing for a couple of years, but it has become much, much tougher this year," said Ms Christiane Thorne,

European retailing analyst at

notably Aldi and Norma, have become increasingly aggressive in the food sector. The Germans have accelerated their openings in France over the past two years prompting, the French to expand their own discount chains, as Carrefour

Small companies such as Cathampered by the internal changes within the industry. teau, a family-owned chain of 90 stores in northern France, First, the German discounters, have been forced to sell out to larger players, in its case to Tesco, Similarly, Carrefour last year acquired Euromarché and Montlaur, just as Casino this summer took over

There have been similar has done with Europa deals in other areas of retail-

Alice Rawsthorn examines a series of upsets in the sector which is facing intense pressure on prices

UBS Philips & Drew in London. The crux of the problem is consumer confidence which has been hit by high real interest rates and concern about rising unemployment.

Some retail sectors, such as clothing, have also been affected by the unseasonally dull summer and mild winter Hypermarkets saw their sales slip by 0.7 per cent in the first three quarters of this year. Department store sales fell by 2.3 per cent. Meanwhile, the trend for people to trade down to cheaper goods has squeezed

Retailers' attempts to adapt to this chilly climate has been

and Ed l'Epicier. The discounters are expanding at a time when the saturated state of the French food market is making it more difficult for established retailers to

performing stores. This problem, combined with the need to increase purchasing power to remain competitive in negotiations with the multinational food manufacturers, such as Unilever and Nestlé, has catalysed the recent stream of acquisitions that has reshaped French food

open new outlets. Many of the

to contract by closing poorly-

major players have been forced

ing. Pinault's controversial takeover of Printemps included the Conforama furniture shops and La Redoute mail order catalogue as well as the department stores.

¬ hese acquisitions have intensified the pressure on smaller companies. They have also destabilised the larger groups, thereby making them more vulnerable to the economic slowdown. Pinault-Printemps has been left with heavy debts and prey to boardroom rows of the type that triggered Mr Delort's departure. Carrefour and Casino have hit the downturn at a time when

French retailers caught in a chilly climate they are still trying to inte-grate their acquisitions and are not yet able to benefit from their improved purchasing power. Similarly, Promodes is still digesting Plaza, a German business bought last

"These companies were all over-optimistic about their acquisitions," said Ms Claire Kent. European retailing analyst with Morgan Stanley in London. "The economic slow-down undoubtedly means it will take longer to bring them up to an acceptable level of profitability."

At the same time, the economy shows no sign of improvement. A survey published yesterday by INSEE, the state statistics institute, indicated that more than half the French expect their standard of living to deteriorate over the next few months. Even if interest rates fall, there is no real hope of a recovery in consumer spending until after the March elections.

Tesco has chosen a very tricky time to enter French retailing. "Tesco did say that it saw the Catteau deal as a learning experience," said Ms Thorne. "Let's hope it meant

Debt repurchase setback for BT

By Andrew Jack in London

BRITISH TELECOM may be forced to write off £55m against current year profits for premiums on the repurchase of government debt, under a proposed ruling expected earlier next year from the Accounting Standards Board. Three of the regional elec-

tricity companies are also likely to have to account for the costs of repurchasing debt totalling £50m between them in their current financial

The treatment is expected to be required under a ruling from the urgent issues task force of the Accounting Standards Board, which could be effective by early next year. But it will be opposed by Scot-tish Power, which has been following an alternative

approach The task force warned last week that it planned to ask all companies to recognise immediately the gains or losses when they repurchased debt. Until now, companies have been able to write off these costs or benefits over the life of the original

The issue came into sharp focus as a result of the government debt auction in November, at which four of the privatised utilities bought back their debt to reduce borrowing costs. The premiums were due on December 15.

British Telecom said it had not yet decided how to treat the costs ~ believed to total about £55m - of repurchasing two tranches of government debt worth £320m.

Scottish Hydro-Electric announced earlier this month that intended to show the full cost of the repurchase of £116m in debt in its accounts for the year to March 31 1993. That will result in a redemption charge of £12.5m, offset by annual savings in interest payments of £4m.

Mr John Rennocks, finance director of PowerGen, said yesterday that his company had

NOTICE OF PURCHASE

EUROPEAN INVESTMENT BANK

GBP 500,000,000 9.50% Loan Stock

due 9th December 2009 Pursuant to the terms and conditions relating to the Stock, notice is hereby given to stockholders that during

the six-month period ending 9th December 1992, no

purchases have been made in the open market for this

As of 9th December 1992, the principal amount of such

GBP 469,000,000.-

Bonds remaining in circulation was

Luxembourg, 23rd December 1992 European investment Bank

also decided to adopt this treatment on its £19m premium on £150m of debt.

retailing.

But Mr Donald Whyte, finance director of Scottish Power, said that his company had already adopted a policy of longer-term write-off.

He stressed that this treatment had previously reduced the short-term gains from a repurchase of debt from the National Loan Fund. The company paid a pre-

mium of £18m buying back £142m of the debt in the most recent auction, which will be offset by annual interest savings of between £2.5m and £4m at current rates.

"We have made it very clear we will write off the debt over the period it was redeemable," he said. "To do otherwise would be inconsistent and lead to distortion of earnings. Obviously we would give our views [to the task force] if asked and we might consider giving our views even if not," he

Ambroveneto investors agree to shuffle stakes

Banco Central de Venezuela £21,174,000

> Floating Rate Bonds due 2005 STG New Money Series B-NP

Banco Central de Venezuela

£21,174,000

Floating Rate Bonds due 2005 STG New Money Series B-P

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 18, 1992 to June 18, 1993 the Bonds will carry an interest Rate of 8% per annum. The interest payable on the relevant interest payment date. June 18, 1993 will be £20.22 per £500 principal amount.

The Republic of Venezuela \$28,232,000

Floating Rate Bonds due 2005

STG New Money Series A

In accordance with the provisions of the Bonds, notice a, hereby given that for the Interest. Period from December 18, 1982 to June 18, 1983 the Bonds will carry an Interest Rate of 88% per armum. The Interest people on the relevant interest payment date, June 18, 1983 will be \$20.54 per £500 principal amount.

The Republic of Venezuela

£119,402,500 Floating Rate Bonds due 2007 STG Debt Conversion Series In accordance with the provisions of the Bonds, notice is hereby given that for the inte-Period from December 18, 1982 to June 18, 1983 the Bonds will carry an Interest Po 0 8% per annum. The interest psychia on the relevant interest psyment of June 18, 1993 will be £20.22 per £500 principal amount.

By Haig Simonian in Milan

BANCO AMBROSIANO Veneto (Ambroveneto), Italy's biggest private-sector bank, has lifted some of the uncertainty over its future following agreement between controlling shareholders on reshuffling their stakes. Gemina, one of the five companies which together form the shareholders' pact dominating the bank, has accepted the L6,000 a share offer from its other partners for its 13.06 per

cent stake. Gemina, which is indirectly controlled by the Fiat group, indicated in September it wanted to sell out. The L387bn disposal will produce a capital gain of L225bn. Gemina. which controls the RCS publishing group and the Fila sportswear company, among other investments, has not indicated how it will invest the proceeds, which will be paid in mid-January Details of how Gemina's

stake will be distributed

December 23, 1992

December 23, 1992

December 23, 1992

By: The Chase Manhatten Bank, N.A. Agent Bank

among the other members of the Ambroveneto pact, which include Credit Agricole of France and Crediop, the Romebased long-term lending bank controlled by Istituto Bancario San Paolo di Torino, have not been revealed.

Both Crédit Agricole and Crediop have said they are ready to increase their holdings in what have at times been seen as opening bids to gain eventual control of the bank. However, it is still possible that Mr Giovanni Bazoli, Ambroveneto's chairman, will manage to find another shareholder to enter the pact, in spite of the fact that the price required is far higher than the current bourse level of L3,649.

The concentration of Ambroveneto's ownership has been reinforced by the wish of four co-operative banks from the Veneto region, which are also in the shareholders' pact with a combined 13.75 per cent

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This announcement appears as a matter of record only.

December 1992

U.S. \$86,250,000



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NM Rothschild & Sons Limited

Smith New Court Securities Limited

The Republic of Italy

U.S.\$500,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 23rd December, 1992 to 23rd June, 1993 the Notes will carry an interest rate of 3.625% per annum. The interest payable on the relevant interest payment date. 23rd June, 1993 will be US\$183.26 per US\$10,000 Notes and US\$4.581.60 per US\$250,000 Note.

23rd December, 1992

Istituto Bancario San Paolo di Torino, Londo as Agent Bank,

Floating Rate Subordinated Capital Notes

lotice is hereby given that the Rate of Interest has been fixed at.

December 23, 1992, London

By: Citibanic, N.A. (Issuer Sarvices), Agent Bank

CITIBANCO

Financière CSFB N.V. Junior Guaranteed **Undated Floating Rate Notes** Guaranteed on a subordinated basis as to payment of principal and interest by

U.S. \$150,000,000

Financière Crédit Suisse-First Boston



Interest Rate Interest Period

3%% per annum 23rd December 1992 23rd March 1993

interest Amount due. 23rd March 1993 per U.S. \$ 5,000 Note U.S. S 45.31 per U.S. \$100,000 Note U.S. \$906.25

> Credit Suisse First Boston Limited Agent, was a second

Citicorp Banking Corporation U.S.\$250,000,000 ating Rate Subordinated Capital Notes Due July 10, 1997 fitionally Guaranteed on a Subordinated Basis by CITICORP

tice is hereby given that the Rate of Interest has been tived at 5.25% and the interest payable on the relevant Interest Payment Date, June 23, 3 against Caupon No. 34 in respect of US\$10,000 nominal of the Notes

ecember 23, 1992 London **CITIBANCO** Citibank, N.A. (Issuer Services), Agent Bank

CITICORP

U.S. \$250,000,000 Floating Rate Subordinated Capital Notes Due September 1996 Notice is hereby given that the Rate of Interest has been fissed at 5.25% and that the interest payable on the relevant Interest Payment Date March 23, 1993 against Coupon No. 34 in respect of US\$50,000 naminal of the Notes will be US\$656.25 and in respect of US\$10,000 naminal of the Notes will be US\$131.25.

December 23, 1992, London
By: Critbank, NA (Issuer Services), Agent Bank

CITIBANCO

U.S.\$200,000,000 J.P. Morgan & Co. Incorporated

Due December 1997

Notice is hereby given that the Mare of Interest has been mad at 5.25% and that the interest payable on the relevant interest Payment Date March 23, 1993 against coupon No. 28 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$131.25 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$3,287.25.

BTR Nylex

disposes of

adhesives

subsidiary

By Kevin Brown in Sydney

BTR Nylex, an Australian

subsidiary of BTR of the UK,

yesterday said it had sold ACI

Hong Kong, its adhesives busi-

ness in the colony, to National

Starch and Chemical for about

Mr Alan Jackson, chairman

of both BTR and BTR Nylex,

said the sale was in line with

the group's strategy of dispos-

ing of peripheral businesses. "ACI no longer fitted because BTE is moving [to] high-tech

National Starch is a subsid-

iary of Unilever, the US chemi-

cals group. It makes adhe-

sives, resins, speciality

chemicals and starches.

BTR Nylex reported a net profit of A\$182.5m for the six

mouths to June 30, compared

with \$151m in the correspond-

ing period of the previous year. Mr Jackson said the com-

pany had a strong balance

sheet and was poised to "burst forth in the 1990s".

A\$17m (US\$11.8m)

industries," he said.

INTERNATIONAL COMPANIES AND FINANCE

for Astra takeover

By William Keeling in Jakarta

Mr SUMITRO Diciohadikusumo resigned yesterday as chairman of Astra International, Indonesia's dominant

automotive company.

The move clears the way for a consortium led by Mr Prajogo Pangestu, a timber tycoon, to buy 44.5 per cent of Astra from the Soeryadjaya family, who currently hold a majority stake.

Last week, Mr Djojohadiku-sumo vetoed the proposed sale of 108m shares for Rp1,080bn (\$518m) to the consortium, describing it as against the interests of Astra and the nation. Toyota, the company's main joint-venture partner, and at least one Japanese bank with exposure to Astra, had opposed the deal, he added.

Toyota said yesterday: "In spite of the chairman's resig-nation, we would like to do business with Astra group in the same friendly relations as before." Toyota remains undecided about whether to pur-chase 20m shares offered by the Soeryadjayas last month.

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shuffle stakes

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Mr Djojohadikusumo was appointed chairman in September to replace Mr William Soeryadjaya, who wanted to concentrate on rescuing Bank Summa, owned by his family.

Last week, Bank Summa was ordered into liquidation, owing Rp1,600bn, and Mr Socryadjaya has been trying to raise finance to repay depositors. Mr Djojohadikusumo resigned under pressure from Mr Soeryadjaya, brokers say.

Astra's shares railied Rp250 yesterday to Rp8,750, but brokers expressed disappointment at the resignation. "He [Mr Djojohadikusumo]

was brought in to protect the company's minority shareholders and insulate Astra from Bank Summa. He failed. because he was put in an intolerable position by the Soeryad-

jayas." said a foreign broker. Brokers stress details of the expected sale of Astra shares are unclear, including the identity of many members of Mr Pangestu's consortium and how the deal would be

Resignation GM considers extending clears way its alliance with Toyota

By Martin Dickson In New York

GENERAL Motors of the US anxiety among Detroit manuand Toyota of Japan are believed to be discussing an the US market for large extension of their existing alli- pick-up trucks to themselves. ance, which manufactures cars at a plant in California. The expansion might include the the Nummi joint venture prouse of an idled GM factory to produce Toyota vehicles: co-operation". It added: "Cer-Since 1984, GM and Toyota tainly, the utilisation of idled

in California, called New United Motor Manufacturing inc (Nummi), which is managed by the Japanese company and builds cars sold by each company under its own name.

A Japanese newspaper trucks. It would vigorously report denied by Toyota, said compete with all competitors. GM had now asked Toyota to use one of GM's idled US facto-

ries to build Toyota's new mid-size T100 nick-un truck. The size T100 pick-up truck. The T100 has caused a ripple of facturers, who currently have But GM issued a more posi-Co-operation with financialtive statement, declaring that

have had a 50-50 joint venture facilities in the US presents a potential area for discussion." GM said it was monitoring initial US market reaction to the T-100 and remained committed to defending its number one position in full-sized

But analysts said an expan-

ded alliance could benefit both

vided a "foundation for further

at a GM plant in the US, Toyota would get round a 25 per cent tariff on imported trucks and avoid the cost of building a new factory at a time of financial stringency.

ly-troubled GM to keep an idled plant open would help Toyota lessen protectionist sentiment in Washington. GM, struggling to turn its lossmaking North American

operations to profitability, would save money on labour costs, since under an agreement with the United Auto Workers union it is obliged to pay laid-off workers virtually full pay indefinitely. The Toyota truck would also occupy a market area where GM does not have a model.

A&P slides to pre-tax deficit

GREAT Atlantic & Pacific Tea Company, one of the largest US supermarket groups and an investor in Britain's Isosceles group, has reported a pre-taxloss of \$4.38m for the three months to December 5. At the net level, after a \$4.8m tax credit, there was a small surplus of \$422,000.

The company has seen steadily declining figures for the past two years, but this is the first time it has dipped into the red at the pre-tax level. The third-quarter loss compares with a profit of \$6.82m in

the same period of 1991, and brings the net loss for the first nine months of the year to \$149.4m. This includes the \$89m write-off of the company's investment in Isosceles, taken in the first quarter, and \$91m of non-cash charges related to accounting changes.

Sales during the third quar-ter fell from \$2.61bn to \$2.37bn, and A&P's chairman, Mr James Wood, blamed the "negative sales comparisons" for the loss. "Approximately 25 per cent of that reported sales shortfall was due to the Canadian dollar exchange rate softening from last year," he said.

However, Mr Wood added that sales trends in Ontario had finally "turned around" after two poor years, although sales in key US markets continued to be soft. The company has been badly hit by the relatively weak local economies in Michigan, the mid-West, New England, Canada and the mid-Atlantic states - where about 80 per cent of its stores are

Yesterday, Moody's, one of the large US rating agencies, said that it was reviewing the long-term debt ratings of A&P

and has annual sales of over

\$1bn. The company was keen

to point out that the discount

K mart plans 100 stores for Mexico

in Mexico City

K MART, the big US retail group, plans to open some 100 discount stores in Mexico, through a joint venture with Grupo Liverpool, a Mexican

department store chain. The two companies intend to invest \$250m each in the discount stores, which will be similar to K mart's stores in the US, selling food and gen-eral goods. The project will start with two or three pilot

stores in Mexico City next department stores in Mexico, year. The stores will employ about 35,000 people.

K mart is following the steps of both Walmart and Price stores would not compete or Club, the US store groups overlap with its existing stores,

Club, the US store groups which last year opened membership-only discount stores in joint ventures with Mexican retail companies, Cifra and Comercial Mexicana. The stores have proved successful, with 45-minute queues regularly forming outside their car parks.

which target the upper and upper-middle levels of the market. Liverpool hopes K mart's huge buying power will enable it to obtain lower wholesale prices than Mexican rivals.

K mart said it was attracted to Mexico by the rapid development of a market of 80m peo-Grupo Liverpool owns 17 ple, and political stability.

HK office sold with a 'unique contract'

By Simon Holberton in Hong Kong

AMOY Properties' HK\$900m (US\$116.4m) purchase of Standard Chartered's headquarters in Hong Kong utilised a unique form of contract for the colony and underlined the company's belief in the long-term future of the colony. analysts said yesterday.

Moreover, the price paid for the property indicated that property prices for prime locations in the colony were still rising, in spite of the current political row between China and the UK about Hong Kong's political development.

Mr Charles Wheatman, a senior executive with Jones Lang Wootton, who advised Standard Chartered, said the price per square foot paid was well in excess of what other similar properties were selling

Amoy, which is 54 per cent owned by Hang Lung, has bought from Standard Chartered the title to the property, but its right to occupy it has been deferred for 20 years.

Five years ago, the property was developed by Nishimatsu, the Japanese property com-pany. It acquired the right to let the property from the bank for 25 years. Nishimatsu then leased about 83 per cent of the space to the bank on a fixed rent which allows for periodic rent increases.

Amoy has taken over the bank's lease and rental commitment to Nishimatsu, and leased back the space the bank needs but at market rents. Amoy's only income from the property is the difference between the market rent and the long-term rental agreement it has acquired. In 20 years' time, the whole property reverts to Amoy.

Analysts said that the transaction was akin to Amoy buying a property future, or a zero coupon bond. As the company has bought ownership but not used it, an estimate had to be made of the property's future value and the rental income foregone. That value was then discounted to take account of risk and loss of income.

Restructuring helps Isuzu cut back loss for year to Y23.5bn

By Robert Thomson in Tokyo

ISUZU Motors, the Japanese vehicle maker with close links to General Motors of the US. yesterday announced a pre-tax loss of Y23.5bn (\$191m) for the 12 months to the end of October. The result was an improvement on the previous year's loss of Y48 Ibn and a sign that its restructuring pro-

gramme is making an impact. The company recently announced plans to stop production of passenger cars and to concentrate on commercial vehicles. It will also make recreational vehicles for Honda. which will be allowed to market passenger cars though isuzu dealers.

Isuzu's sales rose 4.6 per cent to Y1.198.7bn for the year. while the after-tax loss was Y12.7bn, against a previous loss of Y47,2bn. The company hopes to break even this year at the net level, but is forecasting a Y13bn pre-tax loss.

The company, which has trimmed its force of temporary workers and streamlined the components supply system, reported a fall in sales of large trucks and buses. But there was an increase in demand for

By Emiko Terazono in Tokyo

VOLKSWAGEN Audi Nippon,

a wholly-owned Japanese sub-

sidiary of the German car-

maker, has confirmed it is buying a large stake in Jax. a

Japanese car distributor, to

boost its sales in the country.

VW yesterday signed an

agreement with Jax, which has

an extensive network in metro-

politan Tokyo, to take a 49.9

The German group has been

seeking an alternative to its

long-standing partnership with

the Yanase distribution group,

which is to be dissolved at the

Jax, sole distributor of Ren-

ault of France, has faced finan-

cial difficulties owing to the

slump in Renault car sales. Mr

Dividend Lass 20%

Agent Bank

Ranca Nazionale

dell'Agricoltura S.p.A.

ECU 100,000,000

Floating Rate Depositary Receipts due 1993

Notice is hereby given that the

Rate of Interest has been fixed

at 10-5625% for the interest

period 23rd December, 1992

The interest amount payable

on 22nd June, 1993 will

be ECU 531-06 in respect of

each receipt for ECU 10,000

and ECU 265-53 in respect of

each receipt for ECU 5,000.

Canadia Imperial Bank of Commence

Agent Bank 21st December, 1992

to 22nd June, 1993.

porated with limited liability i the Republic of Italy)

per cent stake.

end of the year.

VW takes large stake in

Japanese car distributor

smaller trucks and buses, and a 10 per cent increase in sales of engines and other car

Isuzu last week announced a plan to commission GM, which has a 37 per cent stake in it, to produce medium-sized trucks in the US from early 1994 as part of an expanded partnership between the two.

"We are hoping for a rapid economic recovery and an improvement in the business environment," Isuzu said. But the Japan Automobile Manufacturers' Association reported yesterday that domestic vehicle production in November was down 9.3 per cent from

Truck production in November was down 13.9 per cent -the 16th straight month of a year-on-year decrease. • Fuji Kiko, a Japanese vehicle component maker 23.8

per cent owned by Nissan Motor, has acquired FFV Autotech, a Swedish auto component maker for Y500m, Reuter reports from Tokyo. FFV Autotech - which pro-

duces steering components for Volvo, Saab-Scania, and Renault - expects net profits of SKr87m (\$12.6m) in 1992.

Takanori Matsumoto, president

of Jax, said it would end its

Jax, listed on the over-the-

sales agreement with Renault.

counter market, will issue 5.3m

new shares worth Y2.6bn (\$21m) for allotment to VW.

• Renault said yesterday it

had been seeking a new Japa-

nese distributor for its cars for

almost a year, but Jax would

sell its cars for months yet,

Jax on the distribution of our

vehicles and after-sales service

for a period that runs much

longer than three months,"

Renault said.

with a new partner.

'We have an assurance from

Reuter reports from Paris.

Chilean airline sell-off attracts flag-carriers

By Leslie Crawford

CORFO, the Chilean state holding company, plans to sell its remaining 22.4 per cent interest in Lan-Chile, the lossmaking national airline partially privatised in 1989.

British Airways has announced an luterest in acquiring a stake in the Chilean flag carrier. Mr Robert Kay, British Alrways' general manager in Santiago, said negotiations on a purchase were taking place. At present, BA has no flights to Santiago.

Iberia, the Spanish flag carrier, and Japan Airlines are also reported to be interested. Scandinavian Airline Systems is the biggest shareholder in Lan-Chile with 35 per cent. The Chilean carrier

Industry sources said there should not be any time gap between the end of the Jax link reported a 179m peso (\$474,800) loss for the first and the beginning of a contract nine months of 1992.

THE CHINA FUND 1992 INTERIM RESULTS

The Board of Directors is pleased to announce interim results (unaudited) for the period from 20th January 1992 (date of incorporation) to 30th September 1992.

BOARD STATEMENT .

The China stockmarkets have a very encouraging start but, like any other emerging markets, they also have their fair share of teething problems. Shortage of scrip pushed up share prices to unsustainable levels. The China Fund had been very selective in its investment strategy, investing mainly in new bases in the primary market, and avoiding those after they have started trading at unjustifiable premiums.

Nevertheless, China's fundamental attractions remain interests committee to a market committee of the property of th

commitment to a market economy and its vast consumer market will underpin its economic growth. The stockmarkets are expected to continue to develop both in terms of lavestment opportunities and regulatory controls. The China Fund will continue to participate in those companies which will benefit from the robust economic growth of China.

Teng Ngiek Lian Duncan Mount Director Director

RESULTS Income US\$ Dividend income 503,430 Interest on deposits 172,713 676,143 Expenses 628,242 Net income for the period 47,901 Net income per share 0.0096 Net asset value per share 8.74

DIVIDEND The Board of Directors does not recommend the payment of an interim dividend.

DIRECTORS' INTERESTS As at 30th September 1992, none of the Directors had interests, either beneficially or non-beneficially, in the share capital or warrants of the

A copy of the interim report and any further information is available from the Assistant Secretary, Pierson Management (Asia) Limited, 18/F Hong Kong Club Building, 3A Chuter Road, Central, Hong Kong, Contact: Mr M. L. Beames on

IRAN

The FT will be publishing its first survey on Iran for eight years on January 28 1993. Rich in internal

resources, Iran is once again becoming a magnet for international business interest. With the Iran-Iraq war well behind it, the country faces immense challenges and opportunities. For further

information call Tina-Louise Collins Tel: 071-873 3230 Fax: 071-873 3595

FT SURVEYS

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Proceed Procee Poole perhane (18.02) 28.78 22.47 22

US \$109,000,000 FLOATING BATE SUBORDINATED NOTES DUE 1996 In accordance with the provisions of the Notes, notice is hereby given that for the period 22 December 1992 to 22 March 1993 the Notes will carry a rate of interest of 51/3 per annum with a coupon amount of US\$131.25.

RIGGS NATIONAL CORPORATION

CHEMICAL BANK

RIGGS NATIONAL CORPORATION US \$60,000,000 FLOATING RATE SUBORDINATED NOTES DUE 1996

In accordance with the provisions of the Notes, notice is hereby given that for the period 22 December 1992 to 22 March 1993 the Notes will carry a rate of interest of 5 4% per annum with a coupon amount of US\$131.25.

CHEMICAL BANK AS AGENT

NOTICE TO HOLDERS OF EUROPEAN **DEPOSITARY RECEIPTS** (EDRS) IN

PIONEER ELECTRONIC CORPORATION EDR Holders are informed that Pioneer Electronic Corporation has paid a share of Common Stock, and the Depositary has converted the net amount after deduction of Japanese withholding taxes into United States Dollars.

EDR Holders may now present Coupon No. 14 for payment to the

undermoned agents.

Payment of the dividend with a 15% Withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding

rate. Failing receipt of a Valid Affidavit, Japanese Withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after 30th April, 1993.

Amount payable per EDR of 1,000 Shares against coupon No. 14.

Gross Dividend US\$100.44 DEPOSITARY

Bankers Trust Company, London

📤 Nationwide

Notice is hereby given that the

21 December 1992 to 22 March

1993. Interest payable on 22 March 1993 will amount to

Nationwide Building Society

Agent: Morgan Guaranty

Trust Company

JPMorgan

\$190.10 per \$10,000 note.

notes will bear interest at

7.625% per annum from

\$75,000,000

due 2004

Subordinated

Floating rate notes

Dividend Lass 15% Bank of Tokyo International Limited, London 23rd December 1992

ANZBank

Australia and New Zealand

Banking Group Limited

Australian Company Number 005 357 522 (Incorporated with limited lability in the State of Victoria, Australia)

U.S. \$200,000,000

Subordinated Floating Rate Notes due 1999

Notice is hereby given that for the Interest Period 22nd December, 1992 to 22nd June, 1993 the Notes will carry a Rate of Interest of

4.18750 per cent. per annum with an Amount of Interest of U.S. \$2,117.01 per U.S. \$100,000 Note. The relevant Interest Payment Dare will be 22nd June, 1993.

Withholding Tax US\$80.35 AGENT The Bank of Tokyo (Lux.) S.A. Luxembourg

DKK 16,798,500 new B shares subscribed at DKK 1,500 per share of DKK 100

Marked Price Issues

evetediationation eagestation 🕲

has completed the following issues

Rights Issue

B shares

A shares DKK 2.200,100 new A shares subscribed at DKK 3,036.90 per

B shares DKK 4,735,000 new B shares subscribed at DKK 1,910 per

share of DKK 100 share of DKK 100 at aggregate gross proceeds amounting to DKK 409,230,837

Arranged by

🛂 DEN DANSKE BANK

G SUBME FOU

CREDIT LYONNAIS

USD 500,000,000,-

Undated Subordinated

Variable Rate Notes

Noteholders are hereby

informed that the rate for the

sixth period of interest

has been fixed

at 4,4125 % (3,5625 +0,85)

The coupon N°6 will be payable at the price of USD 107,86

U.S. \$750,000,000

Midland Bank plc Undeted Floating Rate Primary Capital Notes

Notice is hereby given that for the six months interest Period from December 23, 1992 to June 23, 1993 (182 days) the Note Rate has been determined at 5% per annum. The interest payable on the relevant interest payment date, June 23, 1993 will be U.S. \$252.78 per U.S. \$10,000 nominal amount.

> NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRS) IN PIONEER ELECTRONIC

CORPORATION

By: The Chase Manhettan Bank, N.A. London, Agest Sank December 23, 1992

0

on March 19th, 1993 presenting 88 days of intere covering the period as from December 21st, 1992 to March 18th, 1993 included

名 CREDIT LYONNAIS

We are pleased to announce that copies of the 47th Somi-Annual Business Report for the six months ended 30th September, 1992, of Ploneer Electronic Corporation are now available to EDR Holders, upon application, to The Bank of Toltyo, Lid., 12-15. Finebury Circus. Leaden France 15. Finebury Circus, London, ECM 781. and the Agent, The Bank of Tokyo (Luxembourg) S.A. Residence St. Esprit, 1-3 Rue du St. Esprit, 1475 Luxembourg.

BANK OF TOKYO (London Depositary)

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Times, One Southwark Bridge, London SEL 9HL

Figet Financial Group
US\$100,000,000 Floating Rate
Subordinated Capital Notes Due 1998
For the proje morate 22 becomber 1992 to 23
March 1993 the more will carry an interest rate
of 3 90% por annum and coupon amount of
US\$9.00 per US\$1,000 note.
Listed on the Luxembourg Stock Exchange
Agent: Morgan Gueranty Trust Cooppiny

HMC MORTGAGE NOTES 6 PLC 2148,000,000 Class A 27.000.000

Class B Mortgage Backed Floating Rate Notes due September 2030 Notice is hereby given that for the interest Period from December 21, 1892 to March 19, 1993 the Class A Notes and Class B Notes Class A Notes and Class B Notes will carry interest rates of 7.5% and 8.25% respectively. The Interest payment date, March 19, 1983 for the Class A Notes will be £1,808.22, and for the Class B Notes will be £1,808.04 per £100.000 nominal amount.

By: The Chase Manhattan Benk, N.A. London, Agent Bank December 23, 1992

Appointments Advertising

appears every Wednesday & Thursday

Friday

(International edition only)

INTERNATIONAL CAPITAL MARKETS

Equity growth held in check by Europe and US

Some international investors were discouraged by the currency turmoil in 1992, writes Sara Webb

ket conditions in Europe and the US held the growth in international equity offerings in check this year. The total volume of international equity issues increased only 7 per cent to \$21.72bn in 1992, against \$20.28bn the previous year, according to figures compiled

The US and Europe still account for the lion's share of international equity business.

INTERNATIONAL **EQUITIES**

and 1992 saw two large offerings - from Wellcome of the UK and General Motors.

Wellcome's \$2.1bn global share offering in July was the biggest non-privatisation issue in the world. Wellcome Trust. the medical charity, sold 288m shares in Wellcome, the pharmaceuticals group, raising £2.1bn and cutting its stake in the company from 73.5 per cent to 40 per cent.

The deal, which was leadmanaged by Robert Fleming.

IFFICULT stock market conditions in building method more commonly employed in the US than in Europe. Robert Flem-ing won considerable praise for successfully arranging such a large deal at a time when world stock market conditions were difficult.

The second big issue of the year was General Motors' 32.14bn share offering, the largest by a US company. The deal was oversubscribed and the size of the offering increased due to strong demand.

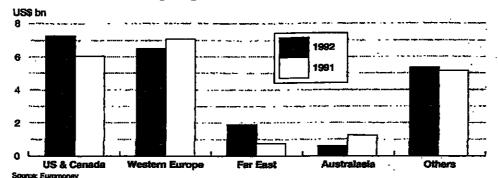
International equity issues from North America increased to \$7.34bn from \$6.04bn in 1991, with a total of 188 issues according to figures supplied by Euromoney.

However, while equity offer-

ings from the US and Canada rose, those in western Europe declined in volume, to \$6.51bn from \$7.07bn, as turmoil in the foreign exchange markets unsettled the European stock markets and discouraged some international investors.

The currency turmoil had two effects. First, investment bankers point out that it probably deterred international investors from buying European equities because of the

International equity issues



greater foreign exchange risk ecially with the pound and lira floating outside the ERM. Secondly, several governments which had planned to push ahead with privatisations in an effort to reduce large budget deficits found that the stock market conditions were unsuitable. "A lot of finance ministers found they were tied up with Maastricht instead of thinking of ways of raising money," says one UK invest-

ment banker.

ment bankers had set their sights on seeing some big privatisation issues from Italy, France, Sweden and Finland. Only a few of those deals went ahead. Italy, which generated only \$755m in international equity offerings this year, is expected to push ahead with the privatisation of its stateowned banks.

Sweden's centre-right government had hoped to raise about SKr18bn from selling a further stake in Procordia, the

3.70 8.80

Yleids: Local market standard

maceutical group. The sale was due to take place in the autumn, but was postponed because of currency worries and the unfavourable stock market conditions.

The bulk of the European equity offerings came from the UK (where volume dropped to \$2.95bn from \$3.35bn) and France, where volume rose to \$1.61hn from \$1.27hn.

In June, the French government raised FFr9.5bn from its sale of shares in the Total oil France's partial privatisation programme.

iven the pressures to raise money from the sale of state assets, investment bankers are confident that the privatisations which were shelved or delayed this year (Procordia of Sweden, Rhône-Poulenc of France, Rep-sol of Spain) will be dusted down and re-scheduled for

Among the emerging mar-

kets, Mexican issues domi-nated those from Latin America, but the steady flow floundered in the summer as the Mexican stock market tumbled and international investors found they had had their fill of Mexican paper, especially when they started to see share prices fail. Some investors, who had participated in a \$600m equity offering by Cemex, the Mexican cement company, were annoyed when the money was used only a few months later to invest in Spain rather than in the domestic market

Mexican companies raised a total of \$3.02bn against \$3.53bn

Japan plans new futures index to curb criticism

By Emiko Terazono in Tokyo

JAPAN'S Ministry of Finance yesterday announced plans for a new stock futures index, in an effort to avert criticism over futures and options trading, in which foreign brokers are particularly active.

Local criticism, that stock

futures and options trading creates volatility in the underlying stock markets, prompted the ministry's move to review the Nikkei average of 225 leading stocks, which is a simple average of 225 stocks and does not take into consideration the number of shares outstanding.
The ministry is now propos-

ing a capitalisation weighted index. which takes into account the number of shares outstanding, to replace the Nikkei 225 futures index, which is seen as easily manipulated. The ministry is also considering rule changes and introduction of a "circuitbreaker" system.

Debate on the impact of derivatives trading has flushed out frictions between large and small brokers, Japanese and foreign houses, some of which have made large profits from derivatives, and between the Tokyo and Osaka stock exchanges – Osaka has a thriving futures market and

Argument has focused on the

composition and volatility of the Nikkei 225 index, which measures cash prices in Tokyo and is used as the basis for derivatives trading in Osaka and overseas exchanges, which list the Nikkei 225 futures.

Some traders have tried to use the announcement as a marketing slogan, promoting shares which are under-represented by weight on the Nikkei 225 index. Ministry officials said stocks on the new index had not been decided.

The introduction of the new index is likely to create friction between the Japanese and overseas exchanges, such as Singapore International Monetary Exchange, and the Chicago Mercantile Exchange, for which the Nikkei 225 futures index is a lucrative product. Simex said futures trading of the Nikkei 225 futures index rose 395 per cent during the January to November period. However, Japanese officials said they would need to request overseas exchanges to switch to the new index.

Since the market crashed in 1990, Japanese have blamed foreign brokers, the most adept in dealing in derivatives mar-

kets. Smaller Japanese houses, which lack the expertise or the capital to trade in derivatives, have indicated resentment towards the larger houses

Schlesinger hint on German rate reduction sparks rally

By Richard Waters in London and Patrick Harverson In New York

PRICES in most of Europe's government bond markets jumped sharply yesterday as Mr Helmut Schlesinger, Bundesbank president, appeared to hold out the hope of substantial further reductions in German long-term interest rates. The thinness of the pre-holi-

GOVERNMENT **BONDS**

day markets accentuated the movements, which were widely seen as an over-reaction.

Mr Schlesinger's reported comments that long-term yields in Germany could fall to below 6 per cent in the current interest rate cycle helped to push prices on 10-year bunds up by as much as two-thirds of a point. Yields have fallen by 15 basis points, to 7.25 per cent, over the past week.

However, it was difficult to find widespread belief in sub-6 per cent yields.

Ms Alison Cottrell, of Midland Montagu, pointed out that German yields had fallen to that level only briefly in the mid-1980s, when commodity markets were depressed and German inflation stood at about 2 per cent.

■ OTHER European markets prefered to look on the bright side of Mr Schlesinger's comments, creating a favourable background for a discount rate cut in Italy and talk of a possible rate cut in France. Italy's 1 percentage point

rate cut, to 12 per cent, was timed to coincide with the passing of next year's budget through parliament. The BTP futures contract on Liffe advanced from 93.45 on Monday to 94.67.

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		Coupon	Red Date	Price	Change	Yield	Week sgo	Mont
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CANADA '		8.500	04/02	104,4000	F 1.100	7.82	8.C8	8.0
DENMARK		9.000	11/00	99.5000	+0.400	9.08	8.98	9.8
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GERMANY		8 000	07/02	105.0000	+0.630	7.25	7.40	7.3
TALY		12.000	05/02	94 1550	+ 0.255	13.52†	13.82	13.4
JAPAN	No 119 No 145	4 800 5.500	03/02	101,4315 106,0092	+0.076 +0.171	4 52 4 58	4.55 4 63	4.5 4.6
NETHERLA	NDS	8.250	08/02	105.9300	+0.410	7.35	7.45	7,4
SPAIN		10 300	06/02	88.6500	+ 0.650	12.37	12.45	12.4
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8.500 03/02 98.7550 +0.610

ECU (French Govt)

point. Prices were held back ■ THE UK government bond partly by two tranches of tap market joined in the general stock overhanging the market, rally, with longer-dated gilts making up about one-third of a both of which were brought

FT FIXED INTEREST INDICES Pec 22 Dec 21 Dec 18 Dec 17 Dec 16 ago High * Low * 93.90 109.21 93.54 93.73 93.67 93.57 109.05 109.02 108.96 108.61 curities 15/10/25; Fixed Interest 1928. rcurities high since complication:127,40 (1/1/35) omplication: 110 25 (12/11/92), low 50.53 (1/1/75) GILT EDGED ACTIVITY Dec 16 Dec 17 Dec 21 into operation late in the after-By midday, the benchmark

noon. An earlier tap stock, of 8 per cent gilts due 2002/06, was exhausted during the day. These gains were outstripped by index-linked gilts, which jumped by over a point thanks

to foreign buying and the fact that the tap stock has not placed a ceiling on the market. ■ US TREASURY prices contin-

ued to post solid gains at the

long end of the maturity spec-

trum while shorter-dated paper

continued to languish.

30-year government bond was up 1/2 at 1032, yielding 7.346 per cent. The short end of the market was flat at midsession, with the two-year note steady at 100, yielding 4.606 per cent. Yesterday's downward revision in third-quarter gross domestic product figures was good news on the inflation

The widely-watched thirdquarter implicit price deflator showed the smallest rise since

6 Up to 5 years (2). 183.39 +0.03 183.34

7 Over 5 years (11). 163.49 +0.77 162.24

8 All stocks (13) ... 164.96 +0.67 163,86

9 Pels & Lasts (62) . 123 36 +0.16 123 17

(915/01)/ma

S&P places Citicorp paper under review

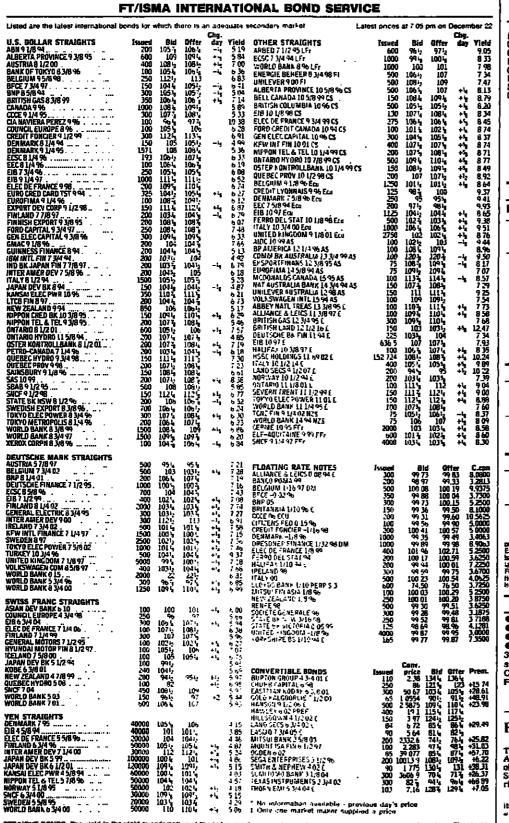
By Patrick Harverson

STANDARD & Poor's, the US rating agency, yesterday placed some of Citicorp's mortgage-backed securities under review for a possible downgrade because losses on the pool of loans secured by the securities have been worse than expected.

Although about \$1.3bn of Citicorp certificates are affected by the move, the banking group said yesterday that S&P's decision to consider

downgrading the securities reflected the performance of mortgages originated under old Citicorp mortgage programmes that were discontinued in 1991. Since then, the bank claims, the performance of its mortgage portfolio has improved. Earlier this year, Citicorp announced a \$1bn non-recourse commitment with the Federal National Mortgage Association (Fannie Mae), which was seen as a vote of confidence by Fannie Mae in Citicorp's mortgage

MARKET STATISTICS



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FT-SE ACTUARIES INDICES

The PT-SE 100, PT-SE Mid 250 and PT-SE Actuaries 350 indices and the FT-SE Actuaries industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. *The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1992. All

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under review

OPTIONS

WERST INDICES

Peggy Hollinger reports on Era Group's move into the home entertainment field

ITTLE did Tony Fay launch a new retail chain. know as he wended his weary way home one Friday night last month, that the small hobby and games company of which he is chairman was about to attract some serious attention from the City. In the space of seven days the share price of Era Group, the specialist retailer, jumped 85 per cent - for no apparent

After a bit of sleuthing, the board came to the conclusion that pre-Christmas press coverage of the home entertainment ctor had sparked interest in the shares. They now stand at-33p, compared with 13p in

Long-time shareholders in Era Group, owner of Beattles, Tecno and the toy and model distribution business. Kohnstam, are likely to welcome this little bit of Christmas cheer. For almost three years, the shares have languished at significantly less than half a

1988 high of 91p. However, the company's management hopes that the most recent price movements might be the justification they have long sought for their revamped retailing strategy.

Era, best known for its traditional model and toys business, Beatties, aims to tap into the potential of the home entertainment market with the recently-launched Virtual Reality brand name.

The company hopes to carve out a niche in the sale of the most advanced computer and latest technology in interactive compact disc and video equip-ment. Space is being allocated and appropriately stocked for either young or old customers - in both Beatties and Tecno, the up-market camera and video retailer for the Vir-

tual Reality concept.

Mr David Henley, chairman of the retail division, says the brand strategy should put Brain a prime position to sell the actual virtual reality products interactive computer worlds seen through a helmet - when they come to Britain in 1995. Eventually, the concept could even be used to

Mr Henley, who has been with Beatties since the 1960s. explains the logic behind the strategy. The key is not to lose the thing you are good at but to develop early enough the things that are coming next," he says, citing the development of Beattles from second-hand model railway merchant to mass market toy and

For him, and the board, the retail businesses had an obvious link in the potential for domestic electronic games.

hobby retailer.....

The strategic switch is the latest chapter in a corporate history which has been anything but calm. In the five years since it was transformed by acquisitions from a shell company to specialist retailer, Era has had three different

The most recent board, chaired by Mr Anthony Fay, took over in April 1990 following an acrimonious annual general meeting and the unexpected exit of the controversial Mr Murray Gordon as chair-

There is little love lost between Era's present management and its predecessors. Fo the past two years, Mr Fay and his team have been struggling to recover from the fiasco of the loss-making Lexterten furniture business, which left the group with a crippling debt and a precarious relationship with its bankers. Lexterten alone had been responsible for the group's sharp drop in profits from \$4.6m to \$631,000 in

he sale of Lexterten, for the nominal sum of £1, in 1990 ended up costing Group a grand total of £7m, according to Mr Fay. However, he maintains the bad times are now largely behind the company

Costs have been cut substantially and Era now operates on a just-in-time basis - ie, without warehouses - for its 99 retailing outlets. Era has also successfully re-established its relationship with its bankers, Barclays, although average gearing is still high at



eattles toy and model store in London's High Holborn: entering a new stage in its development

more than 100 per cent. For the first time since 1990, Mr Fay says, the board has been able to sit back and work on a strategy for its three divi-

Industry observers and ana lysts are less convinced that the group will be able to make new strategy work. "They have got it right," says Jeremy Allen of Kleinwort Benson, "but they are still bearing the legacy of the difficult years, in the form of a balance sheet with too much debt."

Others, such as Mr Jim Douglas, editor of GamesMaster magazine, cite the aggressive programme at Dixons, which has devoted space in an estimated 250 stores to computer games, compared with Era's 80 stores with virtual reality branding. Dixons and Currys together dominate the £500m-a-year computer games market, and being far larger, have much greater buying

Some analysts wonder whether the new strategy is different enough in a highly competitive market. "Will it attract a sufficient number of people to walk through the door?" asks Mr Richard Hickinbotham of SG Warburgs.

Messrs Fay and Henley reject the criticisms. They are horrified by comparisons with their bigger rivals, claiming they do not compete with Dixons or Currys. Era's strength will be a highly-trained staff, they say, and more advanced products.

Henley adds that the group is selling a LV concept which will take time to bear fruit. "We are trying to sell the concept, not of games for today, but of games for tomorrow," he says. On one thing the analysts and management agree. Profits are expected to fall further in the current year, which ends on December 31. Forecasts range from £700,000 to £1.7m.

but all depends on the crucial Christmas period when Era makes some 30 per cent of its annual sales. The evidence so far points to a patchy perfor-

Finally, there is the question of just how the company will bring down its debt and fund any expansion. A rights issue alone while the shares are so - even after the recent is unlikely, according to Mr Allen of Kleinwort Benson. "I would have thought they might wait for something more positive to add a rights issue to - like, for example, an acquisition."

Mr Fay is suitably coy about tackling a new purchase, although he will not rule out the possibility of a move in the UK. "There are lots of expansion prospects," he says. "But you need cash, location and the management resource." Era, he adds, intended to enhance all three "as we go

DCC offer values Wardell Roberts at I£17m

By Tim Coone in Dublin

DCC, Dublin-based industrial holding group, has made a recommended bid for Wardell Roberts, the Irish snackfood and healthfood distributor, just a week after backing a I£24m ent ouy-out of PTID tech, a printing supplier to the computer industry.

The cash offer at 75p per share represents a 25 per cent premium over the last dealt - Mr Jim Flavin, chief execu-

DCC already holds a 29.9 per cent stake in the company. The buy-out vehicle will be Oare, a DCC shelf company, and 20 per cent of its shares will be held by existing managing share-Guaranteed loan notes

linked to the Dublin interbank rate (Dibor) are available in lieu of cash.

price of 60p and values Wardell. tive of DCC, said that the bid was part of DCC's strategy to create "a focused industrial and financial holding com-

He said that DCC had built

up cash reserves of 1535m over the past 18 months "and the Shares in both Printech and Wardell Roberts have been languishing and their continued listing on the London and Dublin stock exchanges "are not

serving shareholders' or the companies' interests in any way", he said. He believes that both will

show better profit performance as part of the larger group, rather than as stand-alone second-line companies with little

Wardell Roberts joined the unlisted securities market in 1986, and obtained a full listing in October 1991. Its pre-tax

year were I£2.4m on a turnover of I£45.1m. Its share price has fallen by half since the beginning of the year.

Three weeks ago DCC spent I£4.9m in increasing its stake from 8.2 per cent to 11 per cent Fyffes, the UK and Iris fruit and vegetable wholesaler, buying the additional 7.7m shares from the McCann family, which sold them to renav borrowines.

Brake Bros placing to raise £8.7m

BRAKE BROS, a supplier of frozen foods to the catering trade, is placing 2.29m new ordinary 10p shares at 380p each to raise £8.7m net. The funds will be used for the continuing development and further expansion of the busi-

The new ordinary shares representing a 5 per cent increase in Brake Bros' equity - have been placed by UBS Phillips & Drew. Dealings are expected to commence on

Hope for Polly Peck Inchcape expands **Cypriot settlement**

Mr Michael Jordan, an administrator of Polly Peck International yesterday expressed hope of a settlement next year on the assets of the collapsed conglomerate in the Turkish

part of Cyprus. We hope there will be in early 1993 a resolution on Polly Peck's problems here," he said after meeting for the first time Mr Salih Cosar, the Turkish Cypriot finance minister.

Turkish Cypriot authorities had refused to put the assets of Polly Peck and its founder Mr Asil Nadir, originally a Turkish Cypriot, on the selling block, after Mr Nadir's empire collapsed in 1990.

Polly Peck's properties include two hotels in north Cyprus, its Sunzest citrus packing unit and Uni-Pack, a cardboard box manufacturer.

Dana funding and capital proposals

Dana Exploration, the principal activity of which is the exploration for precious and base metals in Ireland and overseas, announced proposals for a fund raising together with a capital reorganisation and a reduction of capital.

The company is to raise £150,000 net by way of an open offer of 15,872,600 new ordinary shares at 1p each on the basis of two new shares for each share held.

Any shares not taken up will be placed on the market on a "best endeavours" basis by MMI Stockbrokers. To permit the offer to pro-

ceed, a capital restructuring is necessary and a new class of shares with a par value below that of the existing ordinary 10o shares is to be issued. This means a reduction of Dana's share capital by

Hardman Resources and

Tolltrek Systems now own 58.77 per cent of Dana following an offer for Dana in August.

motor operations

Inchcape, the international services and marketing group, has moved into motor operations in Scandinavia and eastern Europe with the acquisition of Haka Auto.

On January 4 it will buy the Finnish distributor of Mazda vehicles for £3m cash, and. assume responsibility for the borrowings estimated at

Haka Auto has the exclusive import and distribution rights in Finland, Estonia and the St Petersburg area of Russia, In Finland it also imports and distributes Jaguar cars.

Inchcape is the exclusive importer and distributor of Mazda vehicles in France and Hong Kong and has a 40 per cent share of the Mazda UK import and distribution opera-

Batleys profits down by 26%

Batleys, the private Huddersfield-based chain of cash and carry wholesalers, increased turnover 7.5 per cent but saw pre-tax profit fall 26 per cent in the half year ended October 31

Turnover came to £239m

NEWS DIGEST

worked through at £3.1m (£4.18m). Interest charges were reduced from £183,000 to £79.000. Earnings per share were

13.71p (18.81p).

Heavy decline at Minstergate

Full year pre-tax profits of Minstergate, which is involved in property management and development, declined from £2.16m to £1.2m.

Sales for the period, to August 31 1992, jumped from £2.96m to £5.66m. Earnings per share came through at 0.72p (59.1p). Dividend pay-outs absorb £1.26m (£2.31m) leaving a loss transferred to reserves of £1.04m (£96,000).

Abbey Panels dives deeper into the red

Abbey Panels Investments, an engineer supplying the motor, aerospace and defence industries saw a further downturn in the year ended September

Losses have escalated from £234,000 to £1.82m on turnover which has fallen from £18.21m to £12.36m. Losses per share have jumped from 10.9p to 65.54p. There is again no dividend - the last payment was a final of 2p in respect of

I&S Optimum net asset value falls

I&S Optimum Income Trust saw its net asset value fall to 89.48p at November 30 1992, compared with 95.86p a year earlier.

The trust's aim is to provide a high and growing level of income by investing in blue chip UK companies. In the six months ended

November 30 gross income came to £1.72m (£1.71m) and earnings per share worked through at 3.87p (3.94p). The second quarterly dividend is 1.85p to make 3.7p (3.6p) so far. A minimum total

(£222m) while the profit for the year of 7.4p (7.25p) is

HTV gets go-ahead for land sale

Having been granted planning permission, HTV Group announced it is now able to complete the sale of 9.3 acres of undeveloped land at Culverhouse Cross, Cardiff.

in response to an appeal by the developer, Atlantic Property Developments, the planning inspector gave his formal consent to the planning application made on December 17. Subject to the statutory period to challenge the appeal decision, the sale becomes

unconditional on March 17 On the agreement becoming unconditional HTV will receive £2.5m - the group has already received £1.5m cash - representing a surplus of £1.8m above book value.

Receivers called in at Trilion

Mr AV Lomas and Mr AJ Barratt of Price Waterhouse have been appointed administrative receivers to Trilion, the USM-quoted television production company. This follows last week's announcement that its shares had been suspended at

Kynoch capital reconstruction

Kynoch Group has called an extraordinary meeting for January 14 to consider proposals for a capital reconstruction to eliminate the deficit on profit and loss account.

That will involve cancellation of the share premium account and reduction of the ordinary capital by writing down the nominal value of shares from 25p to 10p.

The group makes and supplies medical equipment, and is involved in Shetland knitwear. In the 16 months ended December 31 1991 the holding company showed a deficit on

profit and loss account of £2.08m, and the directors are forecasting that will increase to no more than £2.89m for

It is expected the reduction should be effective in or about February, after the High Court has given sanction.

Improvement at F&C Smaller Cos

Over the six months ended October 31 1992 net asset value of Foreign & Colonial Smaller Companies recovered from 107.3p to 109.2p. At end-October 1991 it stood

at 109p. Sir Peter Hordern, chairman, said in all the principal markets of the world smaller companies had been under pressure. But the company outperformed the stock market

dends from investments had been better than expected although there was a few reductions. Benefit came from the fall in sterling and foreign currencies were borrowed at low interest rates. Total revenue improved from £2.53m to £3.28m while earn-

On the income side, divi-

ings per share came to 1.66p (1.45p). The interim dividend is lifted to 0.68p (0.65p) and it is intended to pay a final of 1.16p

Capita varies terms for ED&M purchase

Capita, the management consultancy, information technology and building services consultancy, has reached agreement with the vendors of Estate Design & Management to vary the terms of the deferred consideration payable to them in respect of the acquisition of ED&M by Capita earlier this year.

The company has now entered an agreement to cancel the remaining deferred consideration arrangements in return for a total consideration of £705,716 which has been satisfied by the issue of 169,596 new

in Europe, a lot of people you know

3M Amerada Hess Apple Computer Lloyd's of London Press Atlas Copco Airpower NV **BACOB-Savings Bank** Banco Santander Banco Zaragozano Barcelona Olympics (COOB '92)

Baring Asset Management Administration Belgacom Norwich Union Benetton Formula 1

British Aerospace British Pipeline Agency Caja Madrid

Caterpillar Commission of European Communities **CSM**

Danone

Castrol

Davy International Delco Electronics Diputación General de Aragón

El Corte Inglés Electrolux European Parliament European Space Agency

> Exxon General Motors Groupama Heineken Iberia Airlines JCB

> > KHD

Kredietbank

La Caixa Lasmo

Lehman Brothers International

Melitta Mobil MWM

NATO Norwegian Civil Aviation

OMC Europe

Opel Pechiney **Philips**

Pilkington RAC Motoring Services

Saab Sandvik

Shell Société Générale South Western Electricity

Spillers Foods Statoil Sterpolis

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Berlitz clears the way for Japanese bid

By Alan Friedman in New

BERLITZ, the language school and publishing group that was once part of the late Mr Robert Maxwell's empire, yesterday of outstanding differences with the court-appointed adminis-trators of the Maxwell Communication Corporation (MCC).

The agreements should help clear the way for the planned takeover of Berlitz by Fuku-take, a Japanese publisher.

The Fukutake deal was contingent upon the resolution of disputes about financial obligations among Berlitz; MCC. which is operating under US bankruptcy proceedings; and Macmilian, the publishing subsidiary of MCC.

The issues that were settled yesterday include an agreement under which Macmillan will transfer to Berlitz 180,000 shares of Berlitz preferred stock it was holding.

In addition Berlitz will transfer to Macmillan a \$64.6m Macmillan promissory note it was holding. MCC will then release Berlitz from all claims against the company. For its part, Berlitz will agree to reduce by \$58m to \$71m the amount of its claims against MCC regarding outstanding promissory notes. The companies have also agreed to clarify certain tax

Berlitz said the Fukutake deal would be submitted to its shareholders in January.

MCC has featured in the Berlitz saga because some 56.5 per cent of Berlitz stock was pledged to banks last year as collateral for loans made to the late Mr Robert Maxwell. These shares have been the subject of litigation.

When the Fukutake deal is completed Berlitz shareholders will end up with 33 per cent of the company and the Japanese buyer will own the majority 67 per cent stake.

Pilkington takes stake in £110m Polish project

By Maggie Urry

PILKINGTON, the glass maker, has signed a joint venture agreement to build a float glass plant in Poland. The deal. which has been under negotiation for 18 months, will give it a 40 per cent equity stake in the \$171.5m (£110m) project.

The new company Pilkington Sandoglass, will take the state owned glass plant at Sandomierz giving the Polish state treasury a 30 per cent equity stake in return.

The company will build a new float plant with an annual design capacity of 140,000 tonnes adjacent to the existing plant which can produce 106,000 tonnes a year of sheet

ton's finance director, said its equity investment will be largely repaid within a year by fees for technology and equipment as it provides the expertise to build and operate the

Pilkington Sandoglass will have equity of \$64.2m and borrowings of \$107.3m. The International Finance Corporation. part of the World Bank, will provide \$33.3m of debt finance, will syndicate another \$24.5m, and also take a 15 per cent equity stake. The European Bank for Reconstruction and Development is putting in \$34m of debt and taking another 15 per cent stake. The Polish Development Bank is lending \$15.5m.



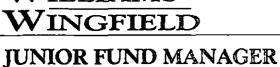
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proposed for Upton & Southern

By Maggle Urry

group. A new management team, headed by Mr James Hodkinson, a director of Kingfisher, the retail conglomerate,

in the financial year to end-January. The balance sheet showed negative net worth of £500,000 and the accounts were qualified. It owes the Bank of Scotland £5.9m.

The bank has agreed to a reconstruction involving £1.5m of the debt being turned into convertible preference shares, a £3m sale and lease-back of freeholds, a £375,000 write off of accrued interest leaving the group with a term loan of £800,000.

USH also aims to raise

Mr Hodkinson will become a non-executive chairman, and Mr Jeffrey Gould, ex-managing director of the John Kent chain, will be chief executive. Of the existing board only Mr John Upton will remain. Mr Ian Steven, who was finance director of A Goldberg, a Scottish retailer which went into receivership, will be a non-executive director.

However, looking ahead, he said "it is not our intention to run a group with £12m of sales" hinting at acquisitions

A RESCUE reconstruction has been proposed at Upton & Southern Holdings, the Middlesbrough-based department store and property

USH lost £2.86m before tax

£785.000 through a firm placing of 65m shares and an open offer of 36m shares at 1p a share, which will be roughly equal to net asset value after the reconstruction. The shares. traded on the Stock Exchange's new SEATS system, stood at 5p yesterday.

Directors will apply for 8.25m of the shares and the new directors and associates will subscribe for 9.75m, giving a combined stake of 16.4

Mr Gould said the group had been dragged down by its property side, but that the retail business was fundamentally sound. He said that with annual sales of £12m and after the capital reconstruction, the group was large enough and had the cash to be turned

By Peggy Hollinger

A PROFITABLE exit from a

joint venture with Thorn-EMI

helped Chrysalis, the music

publishing, communications

and media company, return to the black with pre-tax profits

of £5.63m for the year to

August 31, against losses of

The result, struck on sales 3

per cent lower at £65.9m, was

enhanced by the £9.65m net

profit on discontinued activi-

ties, taken above the line. This

included the £11.58m profit

from the sale of the company's

stake in Chrysalis Record Com-

panies, to Thorn in November

Rescue plan | Christie's follows rival and lifts charges

CHRISTIES International, the fine art auctioneer, has followed its rival Sotheby's in increasing the premium it charges buyers at its sales from 10 to 15 per cent from March 1 1993.

The new charge will apply to the first £30,000 of the hammer price on any lot. Above £30,000 the 10 per cent rate will continue to be levied. Christie's South Kensington and Christie's Scotland, which

between them account for 64 per cent of the lots the group sells in the UK, will retain the 10 per cent charge, as will coin and wine auctions at the main King Street saleroom. The art market is recovering from the recession more slowly

than both Sotheby's and Chris-

tie's anticipated; hence the

need to raise their charges to buyers. At the same time the fierce competition between the two houses for major properties to sell has forced them to reduce the commission they charge

In 1992 Christie's further cut back by £32m, or 24 per closed the gap on market cent, with 300, or 20 per cent,

leader Sotheby's. Sotheby's reported year-end sales figures of \$1.13bn (£674m) yesterday, a rise of 2 per cent in dollar terms and 5.5 per cent in ster-ling over 1991. Christie's did relatively better. Its annual turnover of £631m (\$959.1m) represented a 2 per cent improvement in dollar terms and 8 per cent in sterling. (The auction houses use slightly different currency valuations). It seems that the 1991 balance of 52:48 in favour of Sotheby's has

Christie's had a better autumn season with sales at 5312m (\$488m), up 17 per cent in sterling but only 4 per cent in dollars following the devaluation of sterling in October. In dollar terms Sotheby's autumn figures were down by 3 per cent at \$495.4m, although translated into sterling at £318m, they were up 10 per

Both salerooms have shed staff in the past week. Mr Christopher Davidge, Christie's managing director, reported that since 1990 costs have been



of the group's jobs going in the same period.

The market is improving, but very slowly, with sellers in par-ticular reluctant to offer good objects at auction. Sotheby's reports that it sold 70 works of art for more than \$1m this year as against 51 in 1991. Christie's broke the \$1m barrier 69 times compared with 61

in 1991, and for the fourth successive season sold the most expensive work of art at auction, the \$14.5m (£9.6m) paid in New York for Harmionie Jaune by Matisse. The salerooms' decision to

increase their income from buyers is a gamble. It offers an opportunity for dealers, who are pricing their works of art

some of the ground they have lost to the auction houses in

recent years. Among the smaller London salerooms Phillips saw its turnover fall by 11 per cent in 1992, to 280.8m, but Bonhams had its best year ever, with sales of \$22.5m, a gain of 22 per

Asprey and Mallett take first step towards merger

By Antony Thorncroft

TWO OF London's oldest and most respected firms of antique dealers are taking the

first steps towards a merger. USM-quoted Asprey, of 163 New Bond Street, best known as a silver, jewellery, and luxury goods specialist, has acquired a 6.8 per cent stake in Mallett, the English furniture dealer based at 40 New Bond

Asprey is run by Mr Naim Attallah, who is building up a small conglomerate of companies trading in up-market accessories. In the past year Asprey has acquired Watches of Switzerland from Ratners for £23.2m and Hamilton & Inches, the Edinburgh-based silversmiths, for £1.3m. It also owns Garrards and Mappin &

Negotiations are in a very early stage but Mallett does not seem opposed to a full bid. "We look favourably on people who are going to improve our share value," said the company yesterday.

Started in Bath 125 years ago, Mallett has been in Bond Street since 1908. Mallett of Bourdon House, an associate company, operates nearby in Davies Street and specialises in continental furniture and deco-

In 1991 Mallett acquired

Christopher Wood, one of London's leading dealers in Victorian art. Wood's stock of pictures now occupies two of Mallett's five floors in Bond

As a furniture dealer Mallett has not suffered as badly during the recession as dealers in paintings, but its 1991 turnover of £8.39m and net profit of £200,000 compared with £14.6m and £1.56m respectively in 1990. Mallett incurred a small

By Raymond Snoddy

revoke HTV's licence.

One of the unsuccessful

bidders for the Wales and the

West ITV franchise has for-

mally called on the Indepen-

dent Television Commission to

C3W which passed the qual-

loss in the first half of 1992. Its stocks are valued at £11.8m. Along with Partridge, its Bond Street neighbour, Mallett is regarded as the leading dealer in antique furniture in the UK. Both Asprey and Mallett are stressing that negotiations have barely started but Mallett would certainly fit neatly into Mr Attallah'sprogramme of luxury acquisitions.

C3W seeks withdrawal

of HTV's licence

Provision arrests Border TV

By Matthew Curtin

Thorn sale helps Chrysalis

return to black with £5.6m

losses of 30.06p.

BORDER Television, the Carlisle-based regional ITV station, reported a small improvement in pre-tax profit, from £509,000 to £519,000, in the half year to October 31.

However, Mr Peter Brownlow, finance director, warned that the company might not match last year's full-year performance, when pre-tax profit jumped 40 per cent to £1.22m. In spite of successful cost-cutting, the company faced a

Mr Nigel Butterfield, finance

director, said that at the oper-

ating level, the company

recorded a loss of about £4.8m.

The group again passed the

dividend, which has not been

paid since 1989-90. Earnings per

share of 26.02p compared with

Worsening conditions in

MAM, Chrysalis's fruit

machines subsidiary and the

costs of investing in existing businesses were the main rea-

sons behind the operating

losses, said Mr Butterfield.

Fruit machines incurred losses

of £1.8m (£1.1m) and this busi-

ness was expected to suffer

Music publishing profits

substantial losses this year.

shrinking advertising pie. Turnover was unchanged at 25.9m with a 4 per increase in advertising revenue offset by

lower programme sales. Pre-tax profit was reduced by a £385,000 exceptional provision for retrenchment costs, stemming from the 20 per cut in staff announced in September. That followed the decision by Border and Granada to link their transmission and sales operations.

Mr Brownlow envisaged Border striking up a range of

dived from £1m to £250,000, due

to the investment of more than

£1m in signing new talent.

Recent names included the

Smashing Pumpkins, who have

several hits in the US, and the

Higher operating costs hit

wholesale exports, which fell

All other on-going business

incurred deeper losses, except property, which cut its deficit

by £700,000 to £300,000. How-

ever. Mr Butterfield said that

the media businesses had

"turned round profits" in the

current year. Excluding the

fruit machine businesses, the

healthy profits, he said.

group was capable of achieving

Sugar Merchants in the UK.

by £200,000 to £500,000.

"cost-saving alliances" with other franchise holders in the north of England.

Mr Melvyn Bragg, chairman, said Border would continue to invest in local radio. The location of Carlisle Radio - Border has a 20 per cent interest in the consortium which successfully tendered for the franchise this year - at the company's headquarters had created "a true broadcast centre".

Earnings per share were 3.4p (3.3p). The interim dividend is increased from 1.1p to 1.3p.

Bula to raise I£10m via offer

Bula Resources, the oil and gas exploration group, is to raise up to I£10.7m (£11.55m) via an open offer of up to 1.08bn new shares at 1p each on a 2-for-1 basis. The target minimum amount to be raised

is I£800.000. Qualifying shareholders may pply for any number of open offer shares. Proposals to subdivide and convert the ordinary 2.5p shares into 1p ordinary and 1.5p deferred shares will be put to shareholders at an extraordinary meeting.

The interim results for the six months to June 30 showed there was a net profit of I£31,000, compared with I£34,000 last time. Turnover was down from I£1.23m to I£913,000. Earnings were little changed at 0.006p (0.007p).

Meanwhile, British Telecom

ity threshold but was outbid by HTV sent the formal application to Sir George Russell, the ITC chairman, on the grounds that HTV would not be able to

fulfil its programming obliga-tions. The new franchise period starts on January 1. HTV bid £20.5m a year to retain its broadcasting licence and like most ITV companies has been hit by the recession. It has also been suffering from a drift of advertising to London

and the south. C3W is backed by Associated Newspapers and Flextech, the cable television companies.

The consortium has also been recently joined by Chrysalis. the independent record and broadcasting group.

Earlier this year White Rose Television made a similar move against Yorkshire but it was thrown out by the FTC. The ITC is likely to take a

similarly robust view of the C3W attack on HTV. ITC officials believe that according to broadcasting legislation a company only has to have its business plan passed once by the

An existing ITV company is already proving that it is capable of broadcasting and that it is only when it has actually failed to fulfil its programme obligations that the ITC would move against it. The ITC has the power to impose fines, reduce the length of a company's franchise and even remove the licence.

Albrighton pays £3.2m for Tarmac quarry arm

By Peter Pearse

ALBRIGHTON, which over the past two years has made a series of disposals to reduce indebtedness, yesterday announced an expansion of the group's chosen field of operations – quarrying – with the acquisition of the natural stone products side of Tarmac Buildings Materials for £3.21m

The sale by Tarmac takes the proceeds from its own disposal programme to £130m for

the year. Mr Peter Woodman, Albrighton chairman and chief executive, said that the natural

dimensional stone industry in the UK had enjoyed a revival in the past decade and that growth was expected to con-

To pay for the acquisition, comprising five dimensional sandstone quarries in Derbyshire and the north of England and two masonry processing plants, Albrighton is to issue, by way of an open offer and placing, some 44.3m new ordinary shares, at 12p each and on a 7-for-1 basis, to raise about £4.96m net.

In the six months to September 30, Albrighton reduced its pre-tax losses to £62,000 (£347,000) on turnover down at

US Smaller raising £40m

By Philip Coggan, Personal Finance Editor

US SMALLER Companies Investment Trust, which floated on the main market in 1991, is raising another £40m via a placing and open offer. The trust is managed by Wellington Management International, part of the US investment group Wellington, and its share price has performed well since launch. Shares were trading at 129p yesterday morning. compared to a launch price of 100p and the warrants (initially offered on a one-for-five basis) were trading at 64p. The prices were unchanged on the day

Shares in the trust were trading at a small premium to net assets yesterday morning, traditionally a necessary condition for an investment trust to

raise new equity capital.

The placing, is in the form of 100p units which will be convertible into shares and warrants at a price equivalent to asset value on January 15. Holders will be entitled to new units on a two-for-five basis.

The trust said that the additional funds "will enable the company to invest in a cost-effective manner in a greater number of US smaller companies without reducing the size of its individual holdings.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last
Border TV	0.25± 0.68	Mar 19 Feb 1 Feb 4 Feb 8 Jan 31‡	1.1 nii 0.65 1.8		2.7 nli 1.75 7.25

5		Current payment	Date of payment	ponding	for	last
	Border TV	0.25 x 0.68	Mar 19 Feb 1 Feb 4 Feb 8 Jan 317	1.1 nfi 0.65 1.8		2.7 nli 1.75 7.25

Dividends shown penos per share not except where otherwise stated. for increased capital, \$USM stock, fCorrected, ITMakes 3.70 to date (3.6p). \$\phi\$Special dividend.

Treatment of repurchasing debt

Andrew Jack discusses the effect of a new accounting rule

THE battle lines are drawn over a prospective new accounting rule which could force several prominent British companies to take as a charge in their current financial year many millions of pounds spent in repurchasing debt.

The principal companies affected immediately will be the privatised utilities which successfully took part in the government debt auction last November: British Telecom, Scottish Power, PowerGen and Scottish Hydro.

At stake is a mooted ruling from the urgent issues task force of the Accounting Stan-dards Board, which could be published and enforced as early as next spring.

The decision has not yet been finalised, but the task

torce says the preliminary view of a majority of its membere is that any gain or loss to a company on the repurchase of its own debt should be recognised immediately. already adopted and defended

by some companies - is to

defer these items and recognise

them over the period of the Scottish Hydro-Electric has already publicly announced that it intends to adopt the former approach. The company bought back from the government £116m in 11.5 per cent debt redeemable in 2001, using

cash and some short-term borrowings. It will show a redemption

charge in its accounts for the year to March 31 next year of £12.5m. That cost will be offset by an estimated saving in interest payments of £1m for the current year and £4m a year thereafter. There will also be the impact of the short-term borrowings it used on the repurchase, which are cur-rently estimated at about

"It would be more of a nuisance value to keep writing off the debt each year," says Mr John Gray, finance director. "It's better to take a big hit now while it is flagged and fresh in the minds of analysts. It's nice to clean these issues

That is a view shared by Mr John Rennocks, finance director of Powergen, which bought back £150m 11.9 per cent debt at a premium of £19m. "I think this is the most sensible and reasonable solution," he Mr Ray Hinton, technical

partner at Arthur Andersen and a member of the task force, echoes these views. He says the argument works on two levels. Intellectually, the ASB's statement of principles says an asset is a right or access to future economic benefits. The

gains or loss on repurchase of

debt would not qualify. Intu-

itively, he says: "People didn't feel comfortable with taking the gains or losses on one type of transaction and pitching it on to another." To have reached its preliminary view, only two task force

when they meet again in January. It could then come into force almost at once. But Mr Duncan Whyte, finance director of Scottish Power, takes the alternative view. "We have made it very clear we will write off the debt over the period it was redeemable," he says. "To do otherwise would be inconsistent and

e stresses that this is not a short-term, self-serving solution. PowerGen has already adopted the practice as part of its declared accounting policies, and used it in a previous repur-chase of about £18m in debt from the National Loan Fund. Had it adopted the task force's approach rather than amortising the gains, it would have boosted short-term earnings.

But with a financial year-end in March, it may be forced to change its approach to comply with the new ruling. That will mean showing the £18m pre-mium on the profit and loss account, offset by about £4m a year in saved interest payments assuming interest of 7 est.

has yet to make up its mind. It bought back £320m in the government debt auction at 12.25 per cent, some redeemable in 2000 and the rest in 2002. That members could have voted incurred a premium believed to against. Most are strongly be about £55m. minded to support the move There is a wider significance

to the task force's statement last week. First, it represents an attempt to ensure that preparers of accounts are notified well in advance to give time for consultation. That follows anger from companies that they were caught by surprise by a ruling a year ago on the treatment of goodwill on the disposal of acquisitions. lead to distortion of earnings."

Second, debt repurchase is one of the first issues on which the task force has been used as a sounding board for a prospective accounting treatment. This is in line with a plea earlier this month by Sir Ron Dearing, chairman of the Financial Reporting Council the ASB's parent body, who wants to get away from the practice of the task force reacting to unusual treatments already produced in published accounts.

Scottish Hydro approached the task force over the summer to ask how it should deal with the repurchase of its debt. It and particularly the other utilities - will watch the final task force ruling with great interif 7 est.

COMMODITIES AND AGRICULTURE

sharply on technical factors One thoroughbred specimen can now serve four hungry people, writes Sally Bowen

charges

wards merge

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er ruising Calm

's licence

COPPER PRICES rose sharply vesterday as technical influences gripped markets where trading was thin because of the approaching holiday.

Traders said there was some Chinese buying and news that Polish copper miners might join a general strike, but these had little influence - neither did renewed unrest in Zaire, once a big copper producer. The upward surge was mainly caused by options re-

CIS aluminium

costs 'are half

world average'

By Kenneth Gooding

lated activity, currency move—after-hours business, up \$17 a ments and by chart-watching—fonne from Monday. buyers, they suggested

LME WAREHOUSE STOCKS +8,750 to 1,526,650 +5,075 to 842,400 -260 to 212,550 +720 to 67,914 +7,400 to 437,525

Copper for delivery in three months reached \$2,277 a torme (\$1.03 a lb) at one stage on the day and it was still \$2,274 in

±675 to 15.355

weakness against the dollar. Three-month copper closed at £1,489.25 a tonne, up £35.75. Mr Ted Arnold, analyst at

"These funds tend to work

Diamond gloom lifts as Angolan smuggling eases

By Kenneth Gooding, Mining Correspondent

ALUMINIUM SMELTERS in the Commonwealth of Independent States have exceptionally low operating costs, according to estimates by the Anthony Bird Associates consultancy

In mid-1992 these costs were about 25 US cents a lb on average - well below the 53.6 cents average at smelters in the rest of the world, it suggests. CIS smelters are "technically

inefficient and are only made economic by astonishingly low input prices (for essentials such as labour and energy]," it says in a new study of industry

"This edge will disappear if the CIS continues to move towards a market type of economy" the study suggests. But "by the year 2000 only one or two of the CIS smelters will still be competitive by western standards. The rest of them won't necessarily close down, they might be kept in business to supply local demand, on a protected basis. But cost pressures will put an end to the flood of metal flowing from

Aluminium Production Costs: 1992. £4,500 from Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2

THE THREAT of civil war in

halt following renewed tension and fighting between govern-

50,000 private enterprise diggers were picking up diamonds from dried-up river beds in Angola. The stones were smuggled out mainly to Antwerp where De Beers, which controls 80 per cent of world-wide rough diamond sales, attempted to keep the market stable by buying them for its

Beers' buyer in Antwerp mopped up nearly \$40m-worth in one week and the group estimates about \$500m of stones were smuggled out of Angola this year, representing a sud-den 10 per cent addition to

5DD, UK.

In sterling terms, the price was also helped by the pound's

the Merrill Lynch financial services group, pointed to the pro-found effect commodity funds. managing about \$26bn, were having on traded metals mar-

Angola and growing consumer confidence in the US is lifting some of the gloom from the diamond market. The flood of smuggled rough

(uncut) diamonds from Angola, which was severely destabilising the market, has slowed to a trickle. Also official production by Angola's state-owned Endiama group has come to a ment forces and the Unita

At one time an estimated stockpile.

At the height of the rush De world supply.

However, most of the unofficial diggers disappeared when political tension in Angola was

tember and the Unita forces withdrew to their stronghold

> including the Lunda Norte diamond district. After fighting broke out last month, sub-contractors who mine on Endiama's behalf withdrew all their personnel. Last year Angola's official diamond production was in the region of 1m carats, worth

in the southern provinces,

Coming at a time when demand was weakening in the biggest diamond markets the US and Japan - because of recession, the Angolan smuggling has been putting a severe strain on De Beers' financial resources and its ability to stop a precipitous fall in rough dia-mond prices. De Beers has told the producers whose stones it markets that it can take only 75 per cent of the agreed quota and has also severely restricted the diamonds releases to the market via merchants at its monthly "sights".

Some traders suggest that, consequently, rough diamond prices are getting firmer and there are even some shortages of particular types of polished stones. "Rough [diamond] buy-ers say the market is now in balance rather than a buyer's market as it was a few weeks ago," said Mr Mark Cockle, editor of the Diamond Interna-

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets). ANTIMONY: European free market 99.6 per cent, \$ per in ward tonne, in warehouse, 1,670-1,710 16.20).

BISMUTH: European free market, min. 99.99 per cent, \$ 3.20-2.40 (2.25-2.45).

CADMIUM: European free free market, drummed molybmarket, min. 99.5 per cent, \$ dic oxide, \$ per lb Mo, in wareper lb, in warehouse, 0.45-0.55 house, 1.85-1.95 (same).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 15.50-16.00 (15.50-MERCURY: European free

market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, MOLYBDENUM: European

SELENIUM: European free market, min 99.5 per cent, \$ per lb. in warehouse, 4.80-5.50. TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO₃, cif, 40-50 (same). VANADIUM: European free

V₂O₅, cif, 1.75-1.85 (same). URANIUM: Nuexco exchange value, \$ per lb, U_3O_8 , 7.90 (same).

London copper prices rise | Peruvians feast on guinea-pig and chips

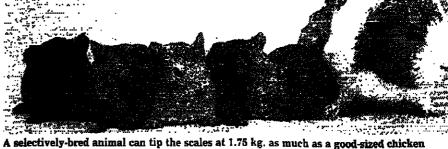
A and chips is an increasingly common menu item in the small towns of the high Peruvian Andes. Nothing remarkable in the protein source - local inhabitants have been eating guinea-pig with relish for thousands of years. But, because of its size. a whole animal has traditionally been the portion.

Now a well-researched programme of genetic improvement plus an imaginative initiative by international aid agency Care are starting to bear fruit. try-dwellers - and provide much-needed animal protein in the Andean diet.

"Guinea pig meat is excellent food value," says Mr Jose Sar-ria, head of the research pro-gramme at Lima's national celebrated without cuy. agrarian university of La Molina. "It's higher in protein and lower in fat than beef, pork, lamb or chicken." The Andean farmers and their families, who are primarily responsible for the estimated 66m guinea-pigs that Peruvians consume each year, just know it's delicious. Even though the guinea-pig,

or "cuy" as it is most commonly known in Peru, is first cousin to the rat it has a different number of chromosomes. Mating between the species is impossible, experts assure the

Cuyes are traditionally to be found scurrying about the dirt floors of Andean kitchens, eating whatever scraps of food and vegetable peelings come their way. Always handy, they get plucked and thrown into



son for a party - Andean weddings, local saints' days and visits from relatives are never

But this type of small animal management, or mismanagement, has caused genetic deterioration in a species native to the Andes. When animals of all ages and sizes and both sexes run free. in-breeding swiftly becomes a problem, which the exceptionally short biological cycle of the cuy exacerbates. Females can come on heat as early as 25 days old, but they will produce small and often weak litters that their own underdeveloped bodies are incapable of feeding ade-

Standard Andean grasses, maize stalks or potato peelings. while convenient, do not produce what the locals term "the giant cuy". Mr Sarria says the improved guinea-pig needs a diet of 18 per cent protein. Even alfalfa provides only a small percentage of that. Finally, traditional manage-

quately.

inverse selection occurs. For celebrations since the times of the Incas, the best animals have found their way to the table, while the punior are left

to continue the race. In the mountains of the Callejon de Huaylas, known as "Peru's Switzerland" for its eternally snow-covered, 22,000 ft peaks, Care has been sponsoring a cuy breeding programme in conjunction with the regional government since 1989. It is estimated that 45 per cent of local children in the beautiful but poor valley are chronically under nourished.

> o far nine local communities are proud owners of a model breeding shed where 400 animals mate, are properly fed, weighed and watched over. Another 70 communities benefit from technical advice at an individual family

jects are run by the "mothers" clubs" of village women. In the

ment means that a process of small town of Tingua, a countrywoman shows off her animals. "See, this one we'll keep for breeding. She has short hair and dark, bright eyes.

> The animals are kept in separate concrete-built "pens" holdbe better monitored, selected for breeding and quickly iso-lated if they fall sick. A prize specimen tips the scales at 1.75 kg, the weight of a good-sized chicken.

This one here does not look so

good - it will be sold for the

In Cruz de Mayo, another Andean village, high above Caraz, caring for the community's rotating stock of 400 cuyes is a new job for a villager who now admits to being "useless for hard labour in the fields". He is proud to pass on his newfound expertise, showing how young animals are sexed and separated at one month old. Ten females are put to one male, "but not until they are 90 days old", he explains. "That

way they make better, fitter

Eighty villagers share management of the Cruz de Mayo "cuy-house". There is a rota for cleaning out the pens, for cutting and transporting the alfalfa or maize stalks. A separate room contains a small stock of veterinary products for treatment of occasional skin diseases or parasites.

"A little bit of technical help makes a huge difference, explains Tulio Triveno, Care's local director as he distributes simple illustrated leaflets which explain the basics of cuy care. "But the cuy is a hardy beast, much more resistant to the tough climate, the altitude and to infections than the rab-

There's still a long way to go. Ninety-nine per cent of Peru's 22 estimated 1m guineapigs are still reared in the bad old ways. Mr Sarria's goal is to raise production to a minimum of eight healthy young per

female per year.

And it is just possible that this traditional Andean staple could become a delicacy for jaded palates abroad. The cuy is already kept for food in several North African countries and the Agrarian University has recently dispatched sam-ples of the "improved" animal to Cuba and parts of the US that have large colonies of Peruvian exiles.

"We think that the guineapig, kept in most developed countries for laboratory experiments, is a real food option in

Banana growers breathe more easily after EC deal

Canute James reports on Caribbean reactions to last week's compromise agreement

based on a protocol in the

Lomé Convention, an aid and

trade treaty, under which the

the past or the present".

ARIBBEAN BANANA producers are breathing much more easily in the wake of last week's compromise agreement by the European Community's farm ministers on a regime for marketing the fruit in Europe. The region's political and farm leaders have said, however, that the market for Caribbean produce in Europe is still threatened unless production

costs can be reduced and quality improved. The Caribbean industry has concluded that its two main concerns of access and price have been met by the formula agreed by the farm ministers, and that the region's fruit will still be competitive against the cheaper, so-called "dollar area" fruit from Latin America. Caribbean and African producThe presidents of eight Latin American banana-producing nations have asked the EC to revoke an agreement restricting their banana sales to community countries from next year, reports Rueter from San Jose, Costa Rica.

"We urge the European Community to revoke the decision taken, in order to renew dialogue and negotiate with our coun-tries the new conditions of access for Latin American bananas in accordance with the norms and commitments of the Uruguay round and Gatt," the presidents said in a joint statement handed to the British Embassy in San Jose.

Latin American nations expect to export some 2.7m tonnes of bananas to EC countries in 1992.

ated next month.

The four Windward Islands, which produce two out of every three bananas consumed in Britain, said they were satisfied with the new EC import regime, which is based on tariff quotas for Latin American

In lobbying for guaranteed ean market a tonne on its 2m tonnes-a ers had feared that they would the Caribbean and African prolose their market share to the more competitive fruit when a community had a legal obligation the remaining 1.5m tonnes a CACP) group of countries. single European market is cre- tion to protect their market, year that the EC will need, as appears to have more reserva- Jamaica.

the Ecu850-a-tonne duty that Latin American bananas will attract if they breach the quota will make the fruit too expen-

Mr James Mitchell, prime minister of St Vincent, said that with the new EC regime coming into effect in July, the Caribbean will have to improve the quality of its fruit. One repeated criticism of Caribbean fruit has been that its quality has been consistently lower than that of the Latin American fruit. "The price which we can get will be better for good

EC promises not place to its banana producers "in a less Dame Eugenia Charles, the favourable situation than in prime minister of Dominica, feels that there is still a possi-The Caribbean producers feel bility that, even with the tariff, Latin fruit could be cheaper in that, with the dollar area fruit attracting duty of Ecu100 (£80) Europe, bringing down prices -year quota, the region has a can, Caribbean and Pacific

quality," said Mr Mitchell.

The Jamaican government

tions than others about the new arrangement, and plans consultation with its partners in the region, although they have already said they are satisfied. Mr David Coore, Jamaica's foreign trade minister. said there will be consultation with the Windward Islands' governments, and with banana distributors in the UK "to determine whether this arrangement goes far enough and what further action, if any, we may need to take to protect our vital interests in this mat-

Jamaican farm leaders, however, appear more optimistic than the government. "We were hoping to have a quota and assured entry, but with what has been allocated the Caribbean and other ACP producers, we will be able to sur vive," concluded Mr Bobby Pottinger, president of the Banana Growers Association of

WORLD COMMODITIES PRICES

COCOA - London FOX

. Close

791 806 821

Previous

Turnover: 5130 (2475) lots of 10 tonnes

Close Previous High/Low

102.0

103.0

103.0 102.0 Turnover:5 (7) lots of 3,250 kg

High/Low

774 766

MARKET REPORT

London's robusta COFFEE futures closed near a fresh 20-month high as the strong upward trend showed no signs of abating. Dealers said the market's advance continued to be fuelled by the strength of New York where key resistance levels were being regularly breached. However, New York arabica futures were only moderately firmer by midday as profit taking emerged following the sharp gains of the past two days. **GOLD** reversed small early gains to hover near support around \$332 a troy ounce with the market nervous of a a

London Markets

Longon Mai	kets	
SPOT MARKETS		
Crude of (per barrel FOB)(.	kun)	+ ar -
Dubal Brent Blend (dated) Brent Blend (Feb)	\$16.40-6.50u \$18.10-8.15u \$18.50-8.55	
(Tae mg 1) LT.W	\$19.85-8.90	+0.05
Oil products (NWE prompt delivery per	tonne CIF .	+ 01 -
Premium Gasoline	\$191-193	
Gas Oil ♦	\$180-181	-2 .
Heavy Fuel Oil	\$73-75	+1
Naphiha Petroleum Argus Estimates	\$179-180	-2
Other		+ 01
Gold (per troy oz) 4	\$332.30	-1.66
Silver (per troy oz)	370.50c	-6
Platinum (per troy oz) Palledium (per troy oz)	\$358.50 \$107.00	+1,25 +0.6
Copper (US Producer) Lead (US Producer)	104.5c 34.825c	+0.5
Tin (Kuala Lumpur market)		+0.11
Tin (New York)	2653.5c	+2
Zinc (US Prime Western)	62.0c	_
Cattle (five weight)	116.68p	+ 2.65
Sheep (live weight)†•	84.42p	+5.48*
Pigs (live weight)†	85.71p	
London daily sugar (raw)	\$206.2w	-6 -4
London daily sugar (white)	244.0W £241.0	-3 -3
Tate and Lyle export price		~ .
Seriey (English leed)	Unq	105
Maize (US No. 3 yetiow) Wheat (US Dark Northern)	£155.5	+0.5
	Ųnq	
Rubber (Jan)♥	63.00p ·	+0.5
Rubber (Feb) 🖤 Rubber (KL RSS No 1 Jan)	63.25p	+0.5 +0.5
		
Coconut oil (Philippines)§	\$460y	+ 10
Palm Oil (Malaysian)§	\$392.5u	
Copre (Ptulippines)§ Soyabeans (US)	\$290.0 £171.0	42
Cotton "A" index	54.55c	+0.25
	3970	

Σ a tonne unless otherwise stated, ρ-per

E a tonne trises ornervise stated. Pencara, co-entable. r-ringsliffe, y-landFeb u-Feb.x-Aug.w-Decklen. z-landMer. Meast Commission average festock prices. change from a work ago *London physical. SGF Reterdam. — Bullion merket close. m-Malaysian cents/kg. \$Sinep prices are now live weight prices. • Gas Oil Price for \$/12/1992 174-175 down 2

JUTE

Juffa : Jan/Feb: C and F Dundee- STC USD 350, BWC USD 380, STD USD 325, BWD USD 340, C and F Antwarp- BTC USD 340, BWC USD 340, BTD USD315, BWD USD 315.

possible repeat of Monday's \$4 sell-off. Dealers said trade was thin, "Under normal circumstances the volume traded

would not have moved the market so much," said one trader. SILVER was in retreat in London after selling at the Comex opening. One dealer said some long-term operators had returned to the market to buy at 370, but others said recent rallies in world equity markets could indicate industrial

		ite indu		COFF	EE - Lon	den FOX		\$/tonne
reco	very, m	ung me	silver price.		Class	Previous	High/Low	
Co	mpiled	from Re	euters	Jen	1058	1042	1059 1043	
<u> </u>				Mar	1081	1067	1082 1068	
SUĢĀI	R – Lond	on FOX	(\$ per tonne)	May	1035	1030	1039 1026	
Raw	Close	Previous	High/Low	Jul Seo	1022 1029	1018 1025	1025 1011 1030 1020	
Mar	181.00	184.00	181.00	Nov	1037	1032	1041 1028	
 -				Turney	er:7096 /3	875) lots of	5 tonnes	
White	Close	Previous	High/Low	ICO In	dicator pr	ices (US c	ents per po	
Mar	245.50	245.00	245.90 244.90		: Comp. c 1,58 [83.11]		(66.03) 15 d	ay aver-
May	247.80 253.80	247.50 253.50	247.90 247.00	ago w	(•		
Aug Oct	241.50	241.00	253.70 252.90 241.60					
Dec	245.00	244.30	245.00	POTAT	1055 - L	onden FO	K	Chonne
Mar	248.00	248.00	248.00		Close	Previous	High/Low	
Turnov	er: Raw 7	(17) lots o	f 50 tonnes.	Apr	63.5	63.0	63.5 63.0	
			ita (FFr per tonne):	May	71.0	70.0	70.5 70.0	
Mer 13	48.33 May	1377-93				lots of 20		
CHUC	E CHL - 1	PZ	S/barrel	141104	G. 30 (4.)		MATERIAL STATES	
· .	Late	st Previo	us High/Low	SOYA	MEAL - I	London PO	×	£/tonne
Feb	18.61		18,65 18,47		Close	Previous	High/Low	
Mar . Apr	18.57 18.61		. 18.66 18.55 18.68 18.60	Feb	154.00	151.00		
May	18.65		18.70 18.63					
Jun	18.6		18.72 18.67	Turnov	rer 0 (0) k	ats of 20 to	nnes.	
Jut	18.68		18,72 18,88					
Oct	18.75		18.75	FREIQ	KT - Los	ndon FOX	ŞTEFIN	lex point
IPE Ind			· · · · · · · · · · · · · · · · · · ·		Close	Previous	High/Low	<u> </u>
Turnov	er 16658 (22450)						
				787	1315 1275	1309 1272	1315 1310 1275	
eus o	로 - 화력		\$/torané	. Apr SFI	1378	1375	1219	
	Ciose	Previous	High/Low		er 44 (50)			
Jan	175.00	177.00	177.50 174.75	1 William	ar 44 (00)			
Feb	176.00	177.50	179.00 175.75					
Mar	175.75		177.00 175.50	QRAIN	15 — Low	den FOX		Cibonne
Apr	173.00	174.50	174.75 173.00	Wheat	Close	Previous	High/Low	
May	171.50	173.25	173.50 171.50					
Jun	170.50	172.25	173.00 170.50	Jan	135.40	134.25	135.40 135	
		****	4 455	Mar	136.65	138.00	136.65 136	.50
וייסתזענ	Br 105541 (9/UG) IDEI (of 100 tonnes	Jan	112.25	•	112.25	
				Barley	Close	Previous	High/Low	
COT1		ent sales l	r Liverpool for the	Jan	130.80	-	130.80	
			amounted to 200	Liar	133.00	-	133.00	
			in the previous					
			not bring many				riey 68 (4).	
			ortheorning in	Turnev	er lots of	TOC Tonnes	L	
			tably in the					
		nd Mali rac						
l				PIGS -	- London	FOX (C	ash Sattleme	ani) p/kg

(Prices supplied by Amalgamated Metal Trading) High/Low AM Official Kerb close Open Interest Akımirdum, 89.7% purity (\$ per tonne) Cash 1236-7 1226-30 3 months 1259.5-60.0 1251.5-2.0 1258-9 Copper, Grade A (£ per tonne) 1492-3 143,468 lots Lead (£ per tonne) Total daily turnover 3,406 lots Cash 300.5-1.5 3 months 311-1.5 311/306 310-11 24,116 lots Mickel (\$ per tonne) Total daily turnover 11.428 lots Cash 5875-85 3 months 5950-5 5955-60 42,949 lots 5960/5900 Tin (5 per tonne) Total daily turnover 4,447 lots Cash 5730-5 3 months 5800-5 5815-20 9.288 lots 5835/5785 Zinc, Special High Grade (5 per tonne Total daily turnover 18,622 lots Cash 1059-60 3 months 1079-80 1079-80 93,406 lots 3 months: 1.5247 6 months: 1.5143 9 months: 1.5083

Gold (troy o	z)		
	\$ price	sviupe 3	ent
lose	332 10-332		
paning	334.00-334.		
forning fix	334.35	216.618	
ternoon fix		215,974	
	334.40-334.		
ay's low	331.50-331.	90	
oco Ldn Me	en Gold Lei	nding Rates (V	U\$\$)
month	1.65	6 months	2.14
months	1.65	12 months	2.51
months	1.65		_
Over fix	přtroy ô2	US cts e	quiv
pet	241.40	373.35	
months	245.65	376.35	
months	249.45	379.40	
2 สาดกาชาธ	257.10	387.35	
OLD COIN	5		
	\$ price	£ equive	dent
	_		
Grugerrand	334.00-33	8.00 215.00-2	17.00
Grugerrand Apple !ca!	334.00-33 341.80-34		17.00

					. !
QOLD COINS					
5	price		€ equh	relent.	
	4.00-33		215.00-	217.00	·
Maple leaf 34 New Sovereign 79	11,80-34 2,00-81.0		- 50.00-5	2.00	-
RADED OPTION	<u></u>				-
Sumintum (99.7%		alis	_	Puts	•
Strike price \$ ton	<u> </u>	Apr	Jan	Apr	.
175	78	82	3	8	.
200	57	79	5	12	- 1
20G	38	81	11	19	- [
opper (Grade A)	С	alis	F	Puts -	
100	166	177	3	5	
150	119	134	4	11	- 1
200	π	96	11	22	
offee	Mar	May	Mar	May	.]
50	137	112	5	27	'
000	96	81	15	46	- 1
050	62	56_	31	71	
ocos	Mar	May	Mar	May	
50	46	51	11	26	·
75	30	36	20	38	- 1
700	19	34	50	56	i
					.

Brent Crude

100) Dec.22 Dec.21 mnth ago yr ago 1679.7 1683.1 1664.4 1592.6 DOW JONES (Baser Dec. 31 1974 = 100) Dec.21 Dec.18 mnth ago yr ago Spot 121.55 121.56 118.63 112.16 utures 121.98 121.29 118.57 120.10

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THE UK SERIES

LONDON STOCK EXCHANGE

Futures drive shares to new heights

By Terry Byland, UK Stock Market Editor

PRE-CHRISTMAS trading on the London stock market reached new heights yesterday. spurred on by a strong rise in stock index futures which prompted heavy arbitrage business between the March contract and the underlying FT-SE stocks. Although the FT-SE Mid 250 Index continued its advance, gaining a further 1 per cent to 2,845.4, the futuresrelated activity turned the spotlight back on to the blue chip leaders. At the close, the

FT-SE 100 Index was 34.3, or 1.2 per cent, higher on the day at another new peak of 2,842.

Yesterday's buyers appeared to be a shade more speculative than over the past week. In addition to the securities houses, busily arbitraging between futures and equities, buying came from across the range of investors, now convinced that economic revival is on the way.

Investors, also encouraged by firmness in other European bourses, appeared afraid of missing the turn in the markets: some analysts now pre-

Accoun	t Deafing	Dates
First Dealings: Nov 30	Dec 14	Jan 4
Option Declarati Dec 10	ons: Dec 30	Jan 14
ast Dealings: Dec 11	Dec 31	Jan 15
lccount Day: Dac 21	Jan 11	Jan 25

dict a Footsie level of 3,500 next year.

Equities looked uncertain at first in spite of a heavy load of overnight tax-related deals. But after the Footsie had dipped 2.3 to 2,805.4, the

futures market opened and a substantial premium on the March Footsie contract sent the blue chips racing ahead. Later, the market took a favourable view of a modest rise in exports disclosed in the UK trade figures for November. Seag volume of 815.1m shares compared with 831.4m on Monday when retail, or customer, business was worth £1.46bn.

• The March contract on the FT-SE Index traded at a premium of around 46 against the underlying stock market throughout the session as securities houses and traders

sought to position themselve for the new year. Business wa extremely heavy, with th March total approaching 9,00 lots in late dealings. The final reading showed March at a premium to cash, compare with an estimated 19 fair valu premium, the calculatio which allows for dividen flows and financing costs.

Increased business in trade options lifted total contracts 42,365 from Monday's 33,811 but turnover in Footsie options dipped to 11,090 lots. National Power (3,034) headed individua stock contracts.

FT-SE 100 2842.0 ÷34.3					MID :			1	FT-A ALL-SHARE 1359.55 +15,86			
			L Dec 21	Dec 18	Dec 17	Dec 16	Year	19 High	92 Low	Since co High	Low	
FT-SE 108		Dec 22 2842.0	2807.7	2789.7	2740.3	2732.8	2384.4	2842.0	2281.0	2842.0 22/12/92	986 9 23/7/8	
FT-8E Mid 250		2845.4	2817.4	2783.6	2728.8	2698.8	2307.1	2845.4	2157.8	2845.4 22/12/92	1373 <i>4</i> 21/1:8	
FT-SE-A 350		1385.1	1369.0	1358.7	1334.0	1328.1	11538	1385.1	1103.1	1385.1 22/12/92	654.5 14:1:8	
Hosety	Opes	9.00	10.90	11.80	12.90	13.80	14.00	15.80	16.18	High/day	Low/da	
FT-SE 108 FT-SE MId 250 FT-SE-A 350 Gross dividend yi	2807,4 2818.1 1369.0	2820.5 2826.3 1374.9	2816.9 2827.2 1373.6	13723	2823.3 2830.1 1376.3	2826.5 2834.3 1378.0	2827.8 2836.1 1378.7	2833.3 2839.0 1381.1	2843.6 2845.5 1385.7	28456 28457 13864	2805.4 2817.9 1369.2	

FT-Actuaries All-Share

but turnover in Footsie options	I I MOUNTING AND CHAIR										
dipped to 11,090 lots. National Power (3,034) headed individual	EQUITY GROUPS	1	uesday	Decer	nber 2	2 199	2	Mor Dec 21	Fri Dec 18	Thu Dec 17	Year aço Gapprori
stock contracts. expected. The shares were	& SUB-SECTIONS Figures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gress Div Yield*a (Act at	Est. P/E Ratio (Net)	rd adj. 1992 to date	lader No.	Index No	index No	inger Na
down 11 at one stage but			%	4.42	(25%) 4.91	20.25	31 00	859.22	847.27	829.98	717 24
finished 2 better on the day at 781p.	1 CAPITAL GOODS (175)	872.68 897 23	+1.6 +2.7	6.43 5.67	6.02	25 16	40.39	873.50	865 76		23 T#S
SmithKline was marginally	3 Contracting, Construction (26)	721.01	+0.9	3.85 6.85	6.88	70.21 19.09	37.49 109.61				
easier at first. Then, news that	4 Electricals (9)	2452.12 2362.19	+0.4 +2.0	6.50	3.65	19.51	52.39	2315 76	2310 15	2283 21	2675 92
the company had reached	6 Engineering-Aerospace (6)	J 297.041	-1.4	11 92	7.91	10.68	16 28	301.32 498.97			322.74 447.61
agreement for the sale of a	7 Engineering-General (43)	J 508.44i	+1.9	7.94 5.21	4.64 3.95	16.06 28.01	17.35 9.49				
portfolio of its men's personal	8 Metals and Metal Forming (7) 9 Motors (15)	367 51	+0.1	5.53	6.40	26.36	17.77	364.83			
care products in the US, Puerto	10 Other Industrials (18)	11994.48	+16	6.15	4.19	19.66	62.07		1935.55 1739.65		
Rico and Canada helped senti- ment and the shares closed 11	21/CONSUMER GROUP (191)	11771.191	+1.0 +0.7	6.58 7.90	3.32 3.60	18.90 15.33	54.23	2090 18	2070.64	2034 68	1627.59
stronger on balance at 525p.	22 Brewers and Distillers (25)	1337 27	+1.7	7.85	3 90	15 92	40.47	1314.85	1305.57	1252.35	1149 (:
The heaviest turnover (10m	26 Food Retailing (18).	3409.33	+23	7.56	2.98	17 22			3279.46 4262.33		
shares) in the banks sector was	26 Food Retailing (18). 27 Health and Household (26). 29 Hotels and Leisure (18)	4282.37	+0.4	5.20 6.58	2.65 5.43	22.38 19.96	88.04 46.03		1232 08		
in HSBC London-registered	30 Media (25)	1939 17	+0.5	5.41	2.82	23 03	39.40	1829.13	1812 79	1725.79	1327.39
stock, which edged up 4 to	31 Packaging, Paper & Printing (17)	1792.09	-0.5	6.59	4.11	18.81	24.33	795.84	784 07	770.52	69345
472p. Barclays (4.6m) moved	34 Stores (33)	1160.79	+13	6.28	3.13	21.10 19.79	26 56	740 55	1138.73 723 92	707.72	939 93
ahead 10 to 384p in spite of	35 Textiles (11) 40 OTHER GROUPS (116)	1435 30	+1.0 +1.0	6. 38 8.63	4 06 4.86	14.27	50.02	1421.00	1415 66	1,591.67	1151 45
BZW increasing its forecast of	41 Business Services (17)	1531.06	+0.9	5.79	3.32	21.15	36.28	1518.03	1485 78	1444 80	1305 33
losses for the current year to	41 Business Services (17)	1415.81	+1.0	6.48	5.17	19.44	54.80	1401 45	1395 24 1348.77	1377 24	1351.01
around £110m. Standard Chartered shares	43 Conglomerates (10)	1382.29	+1.3	8.54 7.95	8 56 4.23	13.37 15.11	54.22 98 33	2774 77	2731 43	7484 78	2250.25
raced higher, closing 24 stron-	44 Transport (14) 45 Electricity (16)	1529 32	+1.7	14.17	4.97	9.07	56.57	1522.10	1518 82	1455 84	112:11
ger at 568p on good turnover of	46 Telephone Networks(4) 47 Water(11)	1665.05	+1.2	8.01	4.11	16.24	65.69	1645 16	1658.14	1653.46	1367.71
2.5m after the hank said it had	47 Water(11)	3235.42	-0.5	14.13	5.48	7.86 22.05	122.00 61.03	3252.38	3284.65 2474 10	3233 14	2194 10
sold almost all of its Hong	48 Miscellaneous (22)	2533.67	+ <u>1.3</u>	5.60 7.23	4.00 4.11	17.26			1413 %		
Kong headquarters for £74m.	49 INDUSTRIAL GROUP (482)	2170 04	+1.1 +1.0	6.13	5.95	21.46			2149.65		
The infusion of funds would	51 Utl & Gas (18/	3512.00	+1.1	7.12	4.29	17.61			1484 82		
give a significant boost to the	59 500 SHARE INDEX (500)	970 70	+1.7	-	4.99		33.33	865.06			
bank's tier one and tier two	62 Banks (9)	1187.26	+2.0	5.18	4.69	28.94	41.81	1163.91	1155.70	1147 79	834.21
capital ratios, specialists said.	65 Insurance (Life) (6)	1801.17	+2.0	-	5.05	- 1			1759 15		14.55
Merchant banks raced ahead,	66 Insurance (Composite) (7)	655.66	+0.7		4.60	17.06	22 58 48 05				475 45 953.83
with the recent surge in stock market indices and activity	67 Insurance (Brokers) (10)	/87.34 491.85	+0.3	7.87	6.78 4.64	17.00	16.75	476.82	469 42		-33 Bb
triggering thoughts among the	69 Property (30)	640.92	+0.9	8.48	6.58	15.47	33.09	635,32	637 82	620 6=	791.13
institutions of a new year rush	70 Other Financial (14)	299.11	+1,7	6.70	5.60	19.66	11.63	293 98			
of takeover bids and rights	71 Investment Trusts (69)	1328.95	+1,6	-	3.26				1292.18		
issues, all of which are seen as	99 ALL-SHARE INDEX (651)	1359.55	+1.2		4.36		43.73	134369	1533.41	1309.31	114261

FT-SE	Act	uaries	350	ind	ustry	Basi	cets				Previous	
Hearty	Open	9.93	18.90	11.00	12.90	13.00	14.60	15.00	16.10	Close	ciose	ರಾತ್ಯಾಕ
Constree	1425.9	1433.5	1430.0	1429.7	1433.9	1436.3	1439.5	1440.5	1441.7	14421	1427.4	+147
Health & H	1286.2	1286.2	1283.1	1284.9	1285.9	1285.8	1288.9	1291.4	1295.5	1295.0	1290.5	± 4.5
Water	1343.9	1346.2	1346.1	1342.6	1343.1	13421	1342.2	1342.2	1337.8	1337.8	1345.3	-7.5
Banke	14157	1431 5	14100	1421 1	1425 8	14276	1420 2	1437 5	14477	1449 4	14134	- 290

information on the FT-SE Adjusties Share Indices is published in Saturday Issues. Lists of conditioning are available from The Itmes Limited, One Southwark Bridge, London SEI 9Hr. The FT-SE Adjusties Share Indices Service, which covers a range of electronic based products relating to these Indices, is available from FTNSTAT at the same address. The FT-SE 100, the FT-SE Mrd. 35 and the users 350 Indices are compiled by the London Stock Exchange and the FT-Adjusties All-Share Indice is compiled by The Financial Mad. both in conjunction with the Institute of Adjusties and the Faculty of Adjusties under a standard set of ground 100s. The standard set of ground 100s. The standard set of ground 100s. The Stock Exchange of the Linded Kingdom and Republic of Ireland Limited 1992 As 17th 17th 1992 and "Frostse" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited

Mixed views on BA news

THE announcement by British Airways that it had pulled out of its plan to take a \$750m stake in USAir was expected and the share price shrugged off the news. Traders attributed a net rise of 5 to 307p to the seasonal market, commenting that, at any other time the

shares would have fallen. Smith New Court, which on Monday hardened its cautious stance on BA, believes the shares are overvalued. The house suggested that termina-tion of the US deal should have prompted a 20p slide in the stock. Smith said that in terms of BA's drive to be a global player, the planned link-up with USAir was more important than last week's deal with Qantas.

However, County NatWest feels that following the recent agreements with Qantas, TAT and DanAir, the proposed deal with USAir might have

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (256).
OTHER FIXED INTEREST (1) Met. Water
3pc B. AMERICANS (20) BANKS (5) Abbey
Nat. Llovis, Missubjah, NatiMest, Sumitor
BREVERS (2) Bass, Scot. & Newcasile.
SLDG MATERIALS (3) Anglian, Rugby,
Wolseley, BUSINESS SERVS (5) Brin Data,
Chubb, Inchcape, Polite & Notan, Serco,
CHEMICALS (3) Akeo, Alled Collods,
Habited, CONGLOMERATES (2) Harson
912pc Cv. Wassall. ELECTRICALS (5)
Denmars, Jones Stroud, Marvier-Swain,
Missubjah, Sony, ELECTRICTY (3) Norweb
Scot. Hydro, Scot. Poler, ELECTROMICS
(13) Admirtal, Blick, Crav. Diploma,
Eurobherm, GEC, ISA, Lin., Misys, Multiton
Nesco, Telementic, Tunciali, ENG
AERGSPACE (1) Westland, ENG GEN (10) AEROSPACE (1) Westland, ENG GEN (10) Barry Westmiller, Brisjos Channel, Fill, Islama, Powerscreen, Protest, Rotork, Siel (SEL, Vosper, FOOD MANUF (4) Assoc Seve, Morrison, Do Sigo, P. , Sainsbury, MEALTH & HSEHLD (S) AAH, Amersham, Bespas, Mayborn, UniChem, MOTELS & LEIS (3) Granada, Savor, Vardon, INSCE COMPOSITE (5) American Intl. Comm Union. Oomestic & Gen., GRE, Sun Alliance, INSCE LIFE (9) Britannic, Legal & Gen, Lincoln Natl, Praderbal, Refuge, Torchmark, Transplatento, Do Spe P., Uttl. Friendly, INV TRUSTS (67) MEDIA (14) Cariton Comms., Central ITV, Daity Mail, EMAP, Johnston Press, Metal Bulletin, Reed, Reuters, TVS Ers, Do 7 spc Pr 08, Taylor Nelson, Telegraph, Trialiny, Uto News, MERICHART SHARKS (1) Rea Bros. METAL & METAL FORMING (1) Johnston Matthey, MISC (8) Airsprung Furn, BAT Inds, Birthy, Dania, Faber Press, CRW, Lincal, Rothmans MOTORS (4) Bletchley, Les Service, T & N., Trinity, Ott. & GAS (4) Burmah, Enon, Pict, Prisencrieri, OTHER FINC, 19) Caledona Invesco Mid, Do 9pc 39-00, Lon Scotists, Prov Financial, Rufland, S & U, Tyndall Australia. Do Options, OTHER BIDL, MATERIALS (11) BTR. Do Why, Do Wis 29-30, Do Vis 19-56, Do Wis 19-56, Charter Country Casuals, Fine Art, GUS A Hugges (J), Nieen-E-Ze, Mesa Bros., Next, OS, Smith With, Sprehouse, Tie Rack, TELEPHONE WETWORKS (4) Cable & Wirebes, Do Tyc Cv. 00, Mit Telecon, Voldaton, Textines (1) Colden Hope, MINES (1) Fine Merchan, Contracting a Constitute, Nature (1) Paton, MEDIA (1) Home Counties, MISC (2) Erskine House, Spandex, OR, & GAS (1) Estimush, PROP (2) Derwent Valley, High-Point, STORES (2) Cilver, Pentos, TEXTILES (1) Victoria Cryl Mines (3) Blyvoor, Declaraal, Niugeni.

imposed a heavy financial burden on BA, perhaps prompting a rights issue.

Redland strong

Building materials group Redland spearheaded a general burst of outperformance of the market by some of the leading building issues, with the stock closing 34, or 8.7 per cent, higher at 424p. The Footsie rose 1.2 per cent. Turnover in the shares reached a higher than usual 3.8m shares. Dealers said the stock was

up and running from the outset, with a number of leading brokers adopting the view that it had underperformed for far too long, reflecting widespread concern about the apparent downturn in the German economy.

Worries about the security of the final dividend, expected next spring, were overdone, they said, adding that the group's German business, trading under the Braas name, had performed better than expected during the past couple of

Holiday wars

The two leading quoted airtour operators in the UK, Airtours and Owners Abroad, lost ground after news that Thomson Holidays, market leader of the package holiday business. had fired the first shots in the 1993 package holidays war.

But many leisure analysts adopted a relaxed view of the move by Thomson, pointing out that the Christmas period is traditionally the starting point for special offers from the holiday companies and that the Christmas period sees the tour companies issue the second editions of their sum-

mer holiday brochures. Nevertheless, there was marginal disappointment around the market at the price war news, given the bullishness of 9.9m shares, and the stock was tain would be hit by currency leisure analysts over the recent one of the few casualties in a shifts and new products were

25,334 1488.7 29,064 692.6 31,492 1603.1

FINANCIAL TIMES EQUITY INDICES

Dec 22 Dec 21 Dec 18 Dec 17 Dec 16 ago

 Ordinary share
 2184.5
 2159.7
 2147.6
 2092.5
 2081.6
 1813.0
 2184.5
 1570.0

 Ord. div. yield
 428
 4.33
 4.36
 4.44
 4.46
 5.08
 5.34
 4.24

 Earning yid % full
 5.67
 5.93
 5.97
 6.09
 6.10
 7.63

 P/E rabo net
 21.74
 21.54
 21.41
 20.99
 20.92
 16.45
 21.74
 15.79

 P/E rabo net
 20.05
 19.89
 19.76
 19.38
 19.32
 15.53

 Gold Mines
 64.9
 65.5
 65.5
 65.4
 64.0
 143.9
 160.6
 63.0

Open 9.00 18.00 11.00 12.00 13.80 14.88 18.00 16.00 High Low

21598 2167.3 2165.6 2162.5 2169.5 2175.1 2177.4 2181.9 2188.9 2189.5 2157.6

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Dec 18

Dec 21

and the German group LTU. Some analysts remained highly bullish of the sector. "We still view the holiday sector as undervalued," said Mr Bruce Jones at Smith New Court. Owners declined to 82%p before closing a net 2 off at 85p, while Airtours closed the same amount down at 275p. having dipped to 270p.

London report and latest Share Index

Confusion over current year profits forecasts from some brokers and heavy turnover in the market at the outset of trading caused a sharp early retreat in Ladbroke shares. They later rallied to close a net 5 easier at 184p. Turnover of 23m was swollen by tax-related bed and breakfast trades totalling 18.5m shares. Auctioneer Christies Inter-

national was bid up 11 to 145p on news that the commission charged to buyers at a number of its branches is to be raised by 5 per cent to 15 per cent from March 1. Conglomerate Hanson saw unusually heavy turnover of

15m shares as a two-way pull on the stock left it only 11/2 firmer at 229½p.

TRADING VOLUME IN MAJOR STOCKS

moved in. The shares weak-

Dec 17 Dec 16 Year ado

ened 8 to 169p. Financial Times owner Pearson relinquished 9 to 390p following a recent good performance as Prudential announced that it had reduced its stake.

The shift from defensive stocks gathered momentum yesterday as most pharmaceutical shares showed early weakness. Only Wellcome, however, remained down on the day, closing 20 off at 978p. Analysts mentioned specula-

tion in the US of a new drug from a rival company to be used with Wellcome's anti-Aids product. There was also a follow-through from weekend criticism by the American Academy of Pediatrics, which said the drug Zovirax should not be routinely recommended for treatment of chicken pox in healthy children.

Glaxo Holdings and Smith-Kline Beecham were off in early trading but recovered later. Glaxo was held back initially by a profits downgrade from BZW. Analyst Mr Jonathan de Pass cut his 1993 fore-British Aerospace turnover cast by £30m to £1.65bn, saying was also particularly heavy, at that the company's cash moundeal between Owners Abroad healthy market as profit-takers not coming through as fast as

with the recent surge in stor market indices and activity triggering thoughts among th institutions of a new year rus of takeover bids and right issues, all of which are seen as hugely profitable.

Merchant banks with marketmaking arms perceived as having performed exceptionally well during the recent burst of buying in London's equity market were in the fore-

Kleinwort Benson forged ahead 16 to 319p on unusually good turnover of 500,000 shares, while S.G. Warburg appreciated 20 to 544p in relatively thin trading.

LONDON SHARE SERVICE 1113 234 1134 1244 664 1064 1084 1084 1084 1084 1084 1364 9711 824 9714 829 10021 12.11 10021 12.11 10021 12.11 10021 12.11 10021 12.11 10021 12.11 10021 11.11 190 Å 8.94 8.16 9.20 6.18 8.56 6.80 8.32 8.73 8.73 (0.17 1.82 2.87 3.48 3.57 1.56 3.71 3.74 3.78 3.88 3.88 3.88 103 ½ 94 98 ½ 182 ½ m 102 ½ 162 ½ 91 ½ 99 ½ 1044 954 103-1 1634 163-2 72-1 92-4 181-1 101-4 OTHER FIXED INTEREST high 1181: 1165 1003 1055: 1194: 1295: 121 1295: 121 1295: 121 121: 121: 1221: されなける | しまれなける 1172 11.82 971 8.92 24 7.23 564 6.92 123 11.51 1071 8.95 1097 8.95 1091 8.95 945 8.95 148 1031 1982 9.95 126-24 12 15pc 197-2 Hydra Goebne 15pc 2011 Leade 13-2pc 2008 Liverpoor 3-5pc 1red. LCC Spc 20 Ar. Stanchester 11-2pc 2007 Mark War, Spc 1 Market Anglia 3-2pc 2021 4-2pc E. 2024 Util New Spc 1 Spc 2021 Util New Spc 1 Spc 2021 +14 Continued on Page 20 Market Myths and Duff Forecasts for 1992

Volume Coding Cary's Ca | Section | Comparison | Compar ACT ASDS Group ASDS GR 2500 77b, +2½ 1.000 131 44 -301 325 +44 -301 325 +7 -302 457 +3 -303 274 5 +1 -303 274 5 +1 -303 274 5 +1 -303 274 5 +1 -303 274 5 +1 -303 274 5 +1 -303 274 5 +1 -303 274 5 +1 -303 273 +1 -303 373 + Locate Lucate MEPC Marweth Marys & Spencer Middands Elect. NFC Markest Barin Masonal Power Nerd North West Waper Northern Floot. Nerd Northern Foods Narweth Power Northern Power Northern Power Northern Power Northern Power Northern No Oe La Plus Onorte Eastera Elect East Middand Elect Eng Chana Clays Enterprise (2) Eurotumet Units FPI Fileums Forte Gere Accident Gerena Elect Glass Gerena Elect Glass Gerena Mer Ownread Int Granada Gerena Gerena Gerena Harrione Harrione Harrione Harrione Harrione Kar Harrione Kar Harrione Kar Harrione Kar Harrione Harrione Kar - 51, - 51, - 13

FIDELITY FRONTIER FUND

Société d'Investissement à Capital Variable Kansallis House. Place de l'Etoile L-1021 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of FIDELITY FRONTIER FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de L'Etoile, Luxembourg, at 11.00 a.m. on December 31, 1992, specifically, but without limitation, for the following purposes

- Presentation of the Report of the Board of Directors
- 2. Presentation of the Report of the Auditor Approval of the balance sheet and income statement for the fiscal year ended August 31, 1992.
- 4. Discharge of the Board of Directors and the Auditor 5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C, Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Charles A. Fraser, Jean Hamilius and H. F. van den Hoven, being all of the present Directors.
- Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg. 7. Declaration of a cash dividend in respect of the fiscal year ended August 31, 1992. 8. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3 %) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: November 13, 1992

BY ORDER OF THE BOARD OF DIRECTORS



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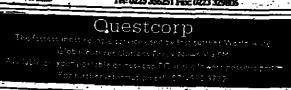
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The payment of principal and Interest will be made upon presentation and surrender of the Bonds and relevant coupon, with all unmatured coupons affached, on January 10, 1993 at the offices of the Paying Agents.

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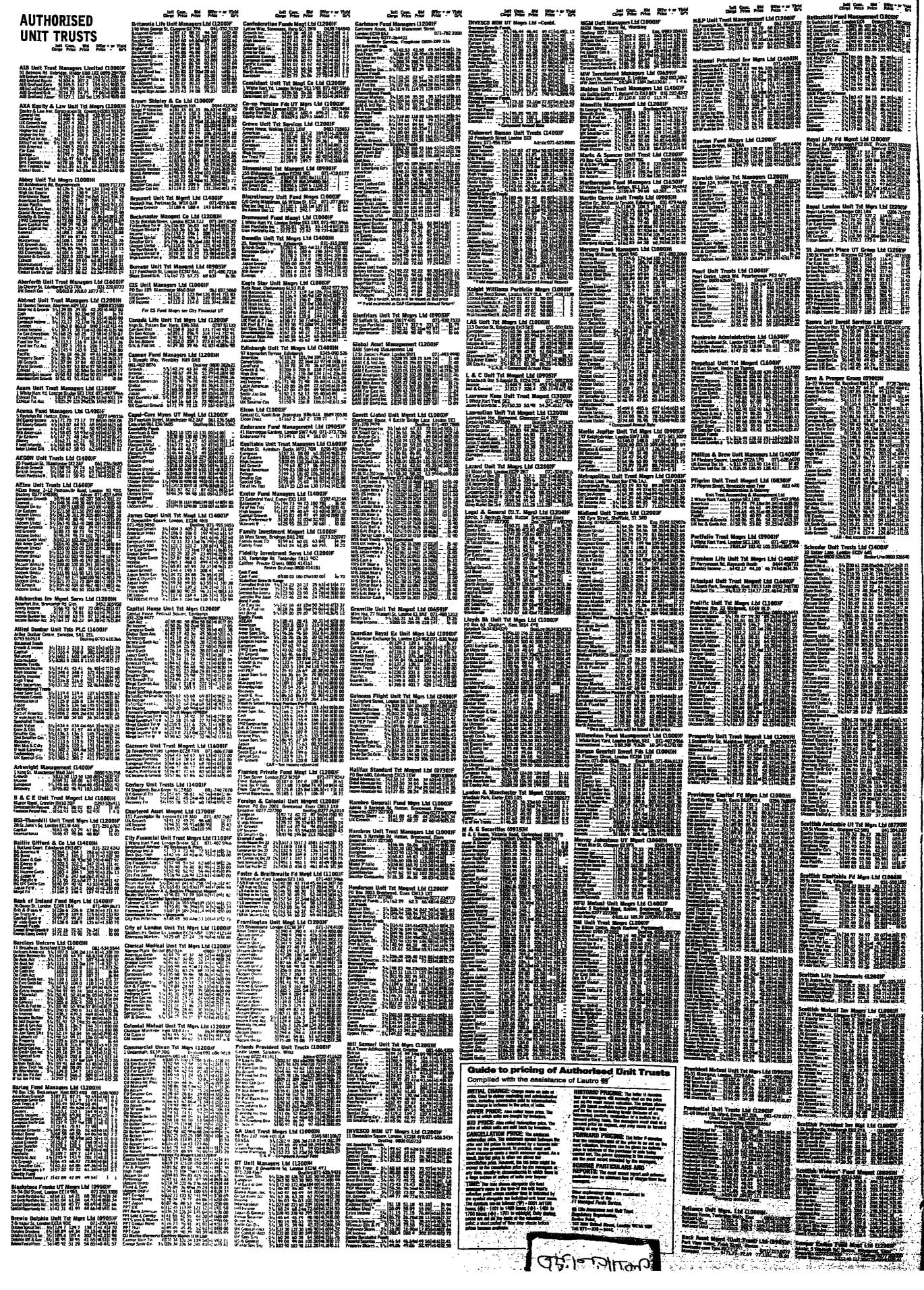


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2 Mar.
2 Mar.
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Schlesinger boosts dollar

THE DOLLAR rose by more than 1% prennigs against the D-Mark yesterday after comDealers said that although due to a creeping feeling in the market that governments can cut interest rates with impuments from the Bundesbank President suggested that an easing in German monetary policy might come sooner than expected, writes James Blitz.

In a newspaper interview, Mr Helmut Schlesinger said that it was possible for long-term interest rates to decline to below 6 per cent, and that inflation might be down to 3 per cent by next year.

Dealers interpreted these comments as a totally unexpected piece of Christmas cheer from the otherwise rather conservative Mr Schlesinger. The dollar rose on the back of the news, to close at DM1.5865 from a previous close of DM1.5680.

In very thin trading, the French franc also made progress against the German currency for the first time in a week, momentarily rising above FFr3.41 to the D-Mark. before settling back to a close of FFr3.4110, more than half a

centime up on the day.

Although the D-Mark was weaker against most currencies, a significant loser in yesterday's events was sterling. The pound lost more than 21/2 cents against the stronger dol-

£ IN NEW YORK

Dec. 22	Latest	Previous Close			
£ Spot	1 5360 - 1 5370 0 55 - 0 546m 1 47 - 1 445m 4 00 - 3 966m	1 5560 1.5590 0.57 0.55pm 1 48 1.45pm 4 10 4 00pm			
Forward premiums and discounts apply to the US dollar					

		0ec.22	Previous
8.30	207 .	801	80 3
9 00	am	20 1	903
10 00	am	50 0	J 803
17.00	am	79 8	603
SCOT		798	803
1 00	2 771	798	804
2 00	9m	79 7	1 803
3 (4)	943	796	803
÷ (0	OFF	79 6	803

CURRENCY RATES

Dec 22	igh Park ÷	Straward Rights	Currency Unit				
Sterling U.S Dollar Canadian S Austrian Sch. Belgian Franc Danish Krone D-Mark Dutch Gulder French Franc Italian Lira Japanese Yen Monray Krone Spamish Peseta Seedish Krona Seesis Franc Greek Drach Irish Pane	3 00 7 70 8 25 7 75 9 50 8 25 7 75 10 12 00 3 25 11 50 19 19	0 891886 1 39788 1 76940 15 376 44 9331 2 18820 2 45776 7 46720 1965 62 17 124 9 3954 6 97554 1,97182 3014	0 600e05 1 23773 1 56289 13 794e 40 2697 7 576e1 1 95773 2 20230 6 6769e 1756 44 152,323 8 39285 8 61463 1 72665 2 6078609				
4 Bank rate refers to central bank discount rates							

CURRENCY MOVEMENTS

	Book of	Jargan
Dec 22	England	Guarante
	Inter	Changes "s
Sterling	79 b	-29.8
U.S Collar	65.5	-126
Canadian Doltar	95.4	<u>-7</u> ā
Austrian Schilling	1147	+168
Belgum Franc	IIè i	+2 ŏ
Danish Krone	1172	+11.4
D-Mark	125 4	+314
Series Franc	1121	120 9
Datch Guilder	1196	+217
French Franc	1089	74
<u>U</u> ra	85.3	-311
Yess.	151 7	+87.4
Peseta	999	_340

Biorgan Guaranty changes average 1980-1982 = 100 Bank of England Index (Base Average 1985 = 100) "Rotes are for Dec 21 OTHER CURRENCIES

V. 11 E	n vynnei	401E3
Dec 22	E	5
Argentina	1.5240 - 1.5270	
Actualia	2.2290 - 2.2310	1 4465 - 1 447
	17877.5 - 17890 0	11620 a - 11621
Finland	7 9130 - 8,0745	5 1550 - 5 175
Greece	323 350 · 329 850	207 550 - 211 7
Hone Kosa	11.8830 - 11.8995	7 7370 - 7 736
iran .	2267 00°	1455 00"
Karea(Sth) _	1222.75 - 1242.50	787 80 - 794 ú
Kumait	0.46200 - 0.46300	0 30000 - 0 300
Luxembourg	50 10 - 50 20	
Malaysia	3 9765 - 3 9980	
Mexico .	4804.70 4207.80	3124 00 - 3126
N Zealand	29815 - 29860	19385 - 1941
Sapd) Ar	5 7705 - 5 7840	3 7495 - 3 750
Singapore .	25105 - 25180	Le350 - 1 637
S.AftCm1	16285 - 46410	30150 - 3017
S Af (Fn)	7.5100 - 7.5655	4 8830 - 4 919
Talwan _	39 10 - 39 20	25 40 - 25 50
U.A.E.	56555 - 56705	36715 - 3673

*Floating rate, Iran Official rate £101.85 566.30

Mr Schlesinger's comments had triggered thoughts of a possible cut in German interest rates, they were hedging themselves by selling sterling for dollars rather than the D-Mark. However, sterling was weak enough to lose against the D-Mark as well, falling 1 pfennig to close at DM2.4425. Several analysis confessed

that it was hard to see any new information contained in Mr Schlesinger's interview. Nobody in the markets doubts that interest rates will come down next year. And, although German inflation may rise a few more points, the forecast of 3 per cent inflation by the end of next year is not unusual, bearing in mind the German

recession. However, Mr Steve Hannah. head of research at IBJ International in London, said that the D-Mark's weakness was

cut interest rates with impu-nity, without following what the Bundesbank is doing.

Italy, for example, yesterday cut its discount rate by 1 percentage point to 12 per cent from 13 per cent. But the lira actually gained strength against the D-Mark closing at In recent days, the Canadian

authorities have cut their key interest rates by 150 basis points, but the Canadian dollar has rallied and the Canadian central bank has had to sell its currency in markets.

Enthusiasts for lower interest rates in Germany were also cheered vesterday by the news of a full one percentage point fall in Germany's M3 money growth in November. Economists said that the dip reflected the unwinding of September's currency intervention

EMS EUROPEAN CURRENCY UNIT RATES								
	Ete Central Rates	Carrency Amounts Against Eco Dec 22	% Change from Central Rate	* Spread * Weakest Currency	Divergence Indicator			
oruspiese Escado Anish Pesela Agran Franc Adark Chi Punt Anish Krone ench Franc	182 194 143 386 40 6304 2.21958 1 96992 0.735334 7 51410 6 60683	176,798 139,256 40,2697 2,20230 1,95773 0,739609 7,57061 6,67696	-2 % -2.88 -0.89 -0.78 -0.62 0.58 0.75 1.96	4,15 4,06 1,97 1,65 1,69 0,49 0,31 0,00	99 99 99 99 99 99 99 99 99 99			

POUND SPOT - FORWARD AGAINST THE POUND									
Dec 22	States Day 2	Close	One month	F. 3.4.	Tione months	₽2 %			
		1.5385 - 1.5395 1.9415 - 1.9475 2.7400 - 2.7500 50 10 - 50 20 9.4375 - 9.4475 0.9200 - 0.9210 2.4400 - 2.4450 2.2040 - 221.49 173 35 - 173 45 2128 75 - 2129 75 10 4150 - 10 4250 10 7725 - 10,7825 189 50 - 190 50 17 16 - 17 19 2 3025 - 2 2125 1 3435 - 1.2445	1 85-f 20ppm 4 - 4pfdis 147-211cdis 1 (4-132cdis	15777885751368445188 4017512744745747188	1.47-1.44pm 0.14-0.03pm 14-2.16s; 14-2.16s; 3.20-2.50pm 394-5356s; 328-3706s; 328-3706s; 34-376s; 10%-1.33pds; 6-1-7-3ds; 14-4-6ds; 5-1-15pm 44-4-6ds; 5-1-15pm	1.78 9.18 -1.28 -1.28 -1.28 -1.28 -1.28 -4.79 -2.56 -1.18 -1.02 -1.78			
mmercial r P-3.39ect	बाह्य धार्मका धारम्बाराहरू हो इ	he end of London trac	ling Six-month lor	rard dol	ar 2.58-2.53pm 1	2 Month			

DOLL.	AR SPOT	- FORWAR	D AGAIN	IST	THE DOL	LAR
Dec 22	Day ; stread	Close	One month	br	Three months	Pi,
Primale property of the control of t	1 5540 - 1 5590 1 6670 - 1 5935 1 3605 - 1 5935 1 7650 - 1 7375 2 730 - 3270 6 6550 - 6 1 375 1 5656 - 1 375 1 5656 - 1 4760 111 70 - 113 1475 50 - 1 427 75 6 7250 - 6 6050 6 9100 - 7 0125 12300 - 123 75 11 0400 - 11 1675 1 4435 - 1 4375 1 4300 - 1 2430	6 7675 · 6 7725 5 4100 · 5.4150 7 0000 · 7 0050 123 40 · 123 50		427968867912597455225428 15-12597455225428	1.05-1.25d/s 2.20-2.26d/s 39 00-44.00d/s 14 50-21.50d/s	3.78 14.15 14.00 14.37 12.58 14.12 15.56 16.73 1
ammercial i created sees	rates haven textures t muons and discounts a	he end of London tra apply to the US dolla	ding + UX ireland r and not to the inc	and EC	J are quoted in US arreport.	CENTRACY

Des 22	Short	7 Days	One	Three	Six	Gne
	rem	notice	Month	Months	Months	Year
Sterling US Bollar Can Octian Butch Guilder Sales Franc D-Marie French Franc Raham Liva Belgian Franc Yea Danish Frence Airan SSing Scanish Pezeta Portugues Es	31: -3 31: -64 85 - 86; 51: -85 10: -93; 13: -83; 36: -83; 14: -13 -5: -14; 17: -16;	74 - 74 34 - 3 7 - 3 - 8 64 - 64 92 - 94 11 - 104 13 - 12 81 - 8 31 - 33 20 - 15 14 - 14 15 - 14 17 - 164	7: 7: 7: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3: 3:	74 74 34 34 74 34 74 84 84 84 84 84 12 114 13 13 9 84 18 13 18 13 18 13 18 13 18 13 18 13 18 13	74 7 31 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	65 - 6 46 - 3 71 - 6 71 - 7 55 - 5 73 - 7 10 - 12 71 - 3 12 - 1 20 - 13 14 - 13 15 - 14
Leng term Eurodol	ilan, tao eara 5-	4% per cens th	rce year: 5½-5i	y percept, four	years bly-6 per	cest, five year
Big Big per cont :	tambali Sheri Le	nm rates are (a)	II for US Dolla	r. and Japanese	Year; others to	o days' notic

		EXC	HAI	NGE	CR	DSS	RA1	TES		
Ē	5	DIK	Υœ	F Fr.	S Fr.	N Fl.	Üra	cz	8 Fr	Pt
1 0 650 0 410 5 263 1 260 0 453 0 364 0 457 0 515 1 594	1 539 1 0 630 8 100 1 348 0 697 9 561 0 703 0 702 3 069	2 442 1 587 1 12 25 2 932 1 166 0 890 1 116 1 257 4 869	190 0 123 5 77 81 1000 228 1 86 09 69 22 86 80 97 84 378 9	8 330 5 413 3 411 43 84 10 3 774 3 035 3 805 4 289 16 51	2 207 1 434 0 904 11 62 2 649 1 0 804 1 008 1 136 4 401	2 745 1 784 1 124 14 45 3 295 1 244 1 1 254 1 413 5 474	2189 1422 896.4 11521 2628 991 8 797.4 1000. 1127 4366	1.942 1.262 0.795 10.22 2.331 0.880 0.707 0.887 1.3872	50.15 20.54 263 9 20.77 18.27 18.27 25.91 25.91 25.91	17.112 71
0 576 0 904	0 687 1 237	1 407 1 963	10° 5 152 7	4 801	1 272 1 774	1 582 2 207	1262 1760	1.119 1.561	28.90 40 31	10 139

Ì	FINANCIAL FUTURE	S AND OPTIONS	
	LIFFE LONG SILT FUTURES OPTIONS \$59,000 640s of 180%	LIFFE US TREASURY BOND FUTURES OFTENES \$180,000 (48ts of 100%	LIFFE BUMD FUTURES OFTENS THESO,000 points of 100%
1	Strike Calts-settlements Price Mar Jon Mar Jon 98 2-40 4-62 0-36 0-44 99 1-59 4-14 0-55 0-60 100 1-22 3-34 1-13 1-16 101 0-57 2-59 1-53 1-41 102 0-37 2-54 2-33 2-66 103 0-21 1-52 3-17 2-51 104 0-12 1-32 4-68 3-14 105 0-06 1-10 5-02 3-56 Estimated volume total, Calts 34 Pats 34 Previous day's open int. Calts 11025 Puts 13154	Strike Calis-rettlements Pris-rettlements Prior Mar Jun Bar Ju	Strike Calls-actilements Pats-actilements Pats P
Ė	LIFFE EUROMARK OPTIONS Bills: points of 100%	LIFFE ITALIAN COYT. BOND (RTP) FOTURES OPTERS Lira 200m 100ms of 100%	LIFFE SHORT STERLING OPTIONS ESGO,000 points of 100%
1 7 3 1	Strike Calis-settlements Pots-activements Price Mar Jun Mar Jun 9150 0.00 0.00 1.50 0.10 0.10 9175 0.60 1.29 0.15 0.15 0.16 9225 0.31 0.89 0.36 0.24 0.18 9225 0.31 0.89 0.36 0.24 9225 0.21 0.77 0.52 0.32 9225 0.14 0.56 0.69 0.41 9250 0.29 0.73 0.59 0.45 0.59 0.41 9250 0.69 0.41 0.56 0.69 0.41 9250 0.69 0.43 0.59 0.53 9325 0.66 0.32 1.11 0.67 Estimated entering total, Calis 3573 Pots 2591 Previous 6ay's open fet. Calis 3573 Pots 2591	Surise Calit-settlements Puts-settlements Puts-settlements Puts-settlements Puts-settlements Puts-settlements Puts-settlements Puts Puts Puts Puts Puts Puts Puts Pu	Strike Calls-ettilements Purs-settlements Price Mar Jun Blar Jun 197275 0 69 1 00 0.15 0.21 0.21 0.20 0.50 0.50 0.50 0.51 0.21 0.27 0.25 0.35 0.46 0.31 0.35 0.950 0.24 0.50 0.45 0.45 0.45 0.45 0.45 0.45 0.4
١,	LIFFE ETRO SWISS FRANC OPTIONS SFR Im points of 100%	U.S. TREASURY BOKOS (CBT) 5%	JAPAKESE YEN CHIAC YIZSon S per y100
	Surite Calls-settlements Ports-settlements Price Mar Jun Har Jun 19425 0.49 0.72 0.20 0.20 9250 0.33 0.73 0.29 0.25 9450 0.33 0.73 0.29 0.25 9475 0.22 0.56 0.43 0.34 Estimater volume total, Calls 25 Pors 0 Previous day's open let. Calls 1962 Pris 2765	ST84,000 S2mis of 190% Lines High Les Pre- 105-03 105-04 104-24 104-25 Jan 105-27 105-31 107-32 103-25 Sep 102-34 102-34 102-34 102-16 Det 101-22 101-23 101-16 101-16 Mair 100-16 100-21 100-15 101-16 Mair 100-16 100-21 100-15 100-16 Mair 99-19 99-19 Sep 98-24 98-24 98-24 Det 98-20 98-24 98-24	User 0.8105 0.8128 0.8093 0.81 Jan 0.8105 0.8128 0.8093 0.81 Jan 0.8105 0.8106 0.8072 0.81 Sep 0.8133 - 0.81 DEUTSCHE MARK IMMO
	9% ROTIONAL BRITISH GR.T *	Mar 97-11 97-11	Latest Heets Love P. Mar 0.6226 0.6297 0.6218 0.62
!	Cose High Low Pre- Dec 100-26: 100-58: 100-19: 100-10: Mar 100-02: 100-05: 99-21: 99-17 Estimated rohate 8358 (4221)	U.S. TREASONY HOLLS CHARD Sim pubels of 180% Lates: 10ch U.co Prev. Mar 96.73 96.74 96.71 96.73 Jan 96.39 96.41 96.39 96.40	Sep 0 6130 0.6130 0.6130 0.61
	US TREASURY BONDS 8% * \$180,000 32xds of 100%	Sep 96.04 96.04 96.03 96.04 Dec 95.59	Sino pelaks of 199% Latest High Low Pr Mar 96.31 96.32 96.27 96
-	Close High Low Prev. Mar 105-02 105-04 105-04 104-21 Jun 103-30 103-16 Estimated volume 100 (1) Previous day's open left. 764 (765)	HACTESH PROVID CHEAD St per E Latest High Low Pres. Mar 15238 15466 15000 15470	Jan 9587 9588 9589 95 Sp 9541 9545 9537 95 Dec 977 9477 9471 94 Rer 9452 9452 9468 94 Jan 9415 9415 9412 94
	6% NOTEMAL CERMAN COVT. BEND * BN250,000 100tbs of 100% Close High Low Prev.	Jon 15112 15220 15100 15350 Sep 15260 - 15260	Sec 93.67 93.67 93.83 93 Dec 93.47 93.47 93.43 93 STANDARD & POOLS 500 IRDEX
1	Mar 92.55 92.68 91.99 91.95 Jun 92.49 92.52 92.05 91.89 Estimated rolone 37332 (12754)	SWISS FRANC CORD SF: 125,884 S per SF:	\$500 tions lades Listest. High Low P. Listest 442.90 442.90 442.30 441 Jan: 443.00 443.40 443.00 442
	Previous day's open let. 128468 (127078) 6% HOTEUMAL LUNG TERM LAPANESE COVT. BOND Y196m 1986s of 180%	Latest High Lear Pret. Nar 0.6934 0.702 0.6920 0.7024 Jun 0.6930 0.6925 0.6630 0.6923 See 0.6975 - 0.6975	Mar 44250 44250 44230 441 Jan 44350 44340 443,00 445 See 444 0 444,00 444 0 44
.	Clese High Low Mar 107.99 107.90 107.75 Jun 107.32 EstUmated solume 920 026.11	PEDLADELPHIA SE £/S OPTIONS	
۱	Traded exclusively on APT 12% HOTEURAL ITALIAN GOVT. SOND (ETP) *	531,250 (costs per £1) Strike Calls	Pats
	LRRA 200m 1900s of 100% Cocce High Low Prev. Mar 94.56 05 00 93 61 93.05 Jus 95.06 93.95 Estimated volume 8599 (2531) Previous day's opes lot. 20023 (19910) THRICE WANTH STERLING *	Price Am Feb. Rar 1.550 167 2.54 3.10 1.573 0.91 1.70 2.29 1.600 0.43 1.08 1.61 1.625 0.17 0.65 1.18 1.650 0.06 0.37 0.73 1.615 0.03 0.18 0.46 1.700 0.01 0.28 0.27	Len Jan Feb Mar Br 620 114 447 551 7.6 1334 447 551 7.6 134 457 611 7.13 9.2 161 689 1.99 10.06 12.0 129 129 129 129 14.8 158 11.42 12.19 12.96 14.8 119 1365 14.90 15.17 16.9 10.88 16.31 16.87 17.47 19.0
	£500,000 points of 190% Close High Low Pres Mar 93 29 93 31 93 26 93 26	Previous day's open Into Calls 377,528 Pcts 443,168 Previous day's rolatine: Calls 6,566 Pcts 7,264 URI of PARIS	areciel
	Jun 9354 9360 9354 9355 Sep 9355 9359 9355 9356 Dec 9327 9330 9326 9325	7 to 10 YEAR 10% INSTRUMENT, FRENCH BOND GRATE	
	Jun 92 54 92 55 92 55 92 56 Est. Val. lins: Figs. pct shown) 10225 (11699) Previous 62y's open Int. 214153 (212227)	Ope: Set: price Charge December 110 06 110.50 +0.66 March 111.48 111.92 +0.66 June 111.96 112.36 +0.56 Salimated volume 94.229 v. Total: Open Laterest. 257, 94 -0.00 -0.00	5 119.44 119.02 849 45) 2 111.94 111.46 828 1891 5 112.40 111.96 8.21 21.
٠	THREE MONTH EUROPOLLAR Sim points of 180% Class High Law Prev.	THREE-MONTH PIECE FUTURES CHATEFI (Paris inde	केवलं शीरार्थ (र्थार)
	Mar 96.30 96.32 96.29 96.38 Jun 95.86 95.89 95.86 95.85 Sep 95.41 95.40 95.40 95.41 Dec 94.75 Dec 94.75 St. Vel, line, fies, mot shown) 100.4 (378)	March 99.50 90.64 +0.17 June 91.72 91.77 +00 September 92.17 92.15 +0.07 December 92.37 92.33 +0.07 Sutrazide volume 25.564 7 Total Deep Indirect 148.44	9 9177 9170 832 35 6 9217 9208 794 20 9 9240 9232 7.71 6.
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BASE LENDING RATES

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Alled Trust Bank 7	Duncen Lawrie 7	NatWestminster 7
ABS Bank 7	Equatorial Bank pic7	Northern Benk Ud 7
CHierry Ansbacher 7	Exeter Bank Limited8	Nykaadii Marigage Brik 7.5
B & C Marchant Bank _ 13	Financial & Gen Bank 7	@Res Brothers 7
Bank of Baroda	@Robert Fleming & Co7	Roduphe Bank Ltd 9
Banco Bilban Vizcava	Globank7	Royal Bk of Scotland7
Bank of Oyprus 7	Guirmess Mahon 7	@South & Williams Secs . 7
Benk of Ireland7	Habib Bank AG Zurich _7	Standard Chartered 7
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CL Bank Nederland7		
Cathenk NA7	Hongisong & Shenghel 7	Whiteeney Lakiew 7
City Merchants Bank7	Julian Hodge Bank 7	Yorkshire Bank
	◆Leopold Joseph & Sons 7	

GREEK EXPORTS S.A. INVITATION g the assets of For expressions of interest in purch: "VIEL S.A. - COATED ABRASIVES INDUSTRY"

In line with the government's privatisation policy and on the basis of Law 2000/1991, GREEK EXPORTS S.A., a subsidiary of the HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A. (EIBA S.A.) based in Athens (17 Panapistation St.) and having been appointed liquidator by decision No. 9583/1992 of the Athens Court of Appeal, intends to sell the total assets of "VIEL S.A. - COATED ABRASTVES INDUSTRY" based in Athens and in which EIBA S.A. is the principal starsful through the procedure of article 46s of Law 1892/1990 as supplemented by article 14 of Law 2000/1991.

VIEL S.A., was established in 1981 (Govt. General 2627/81) and is capaged in the production and sale, both at home and shread of coated absorbe products.

The company's production plant is located in Patras in the Patras Industrial Estate. The factory was boilt on a plot of about 12,806 sq. metres in area. The factory has a surface area of 3,568 sq metres in addition to which there are samiliary buildings totalling 387 m² (offices, etc.). The basic manufacturing equipment is of German make (BRUCKNER) and the similary machinery is Austrian Grant

FINANCIAL DATA	A (in thousan	d drachnas)	-:
otal Assets 632,874 8	989 55,617 7,336	1990 992,384 267,439	1991 1,000,186 227,560

PRIVATISATION PROCEDURE sted bayers must submit a non-blo

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6 Ivan the Terrible, European

but lacking sophistication (5)
7 Will it be enough to go to law about the fellows in charge?

8 Shake-up in a report – acts to

delay progress (13)
9 Mean the girl involved in the

(7) 23 Man in strange, cold coodi-

Solution to Puzzle No.8,085

tion (5) 25 Throw up round coin (4)

1 Ties - mother's boy down in the kitchen? (5,7)

10 Topping workers (7)

11 Cry over dwarf flippers (7)

12 Being liberal-hearted, affected

vice (5)
13 Sticking out had brought

back the noise (8)
15 Indeed the earl was accompanied by an expert in finance robbery (5,8)

14 Having to go back inside, good man ran off with the beef dish (10)

(10)
16 Aid by deferred payments takes the French shack (4)
18 Growth of support on course for imprisoned king (4)
20 Deal with the navy? I am able to with earth moving theories 17 Tailing off with no sort of jewel (8)

19 Type of fever that was a recent one to develop (7)

21 Lemon rice out of other tin?

to with earth moving

(10)

22 Over a ton on reconstructed
rail, as authenticated (8)

24 A letter or a chit, maybe (5)

25 To do with holding rep production of Stingray (7)

27 Papal edict, one on earthly

treasure (7)
28 12 jasmine or rose for example, arranged with love for the vivandiere (4.5)

DOWN

2 Matter of fact advertising peo-ple overcome American agents (7)

8 Remainder of lovers up in dis-

4 Has gone up to receive second decoration (4)
5 Dire scenes of ruined houses

RASHER HAMDSOME
E T L M I M Y
VARIES APOSTATE
A Y P S I M S
RENDERED ERRATA
E G N R E E L
OULL STANDSTILL
E C A R S M
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H E E O N N E
TAPESTRY EDITOR

The Christmas crosswerd competition will appear in Weekend FT tomorrow. Phot prize is a 2598 Pelikan Toledo fountain per and other prizes are Pelikan Souveran pens.

MONEY MARKETS Boost for futures

Dec. 22

yesterday after the Bundesbank President was reported as saying that long term interest rates in Germany could decline below 6 per cent during the current phase of falling rates. writes James Blitz.
The reaction to Mr Helmut

Schlesinger's comment in a newspaper interview was far more muted in the sterling market, because of the pound's disconnection from the European exchange rate mecha-

UK clearing bank base fending rate 7 per cent November 13, 1992

However, at least one commercial bank dealer said that the French and German markets' reaction to Mr Schlesinger's comments yesterday was significant, and that there were growing hopes of a cut in official German rates at the first Bundesbank council meeting of the New

"It's the first time anyone can remember Mr Schlesinger saying something builish about interest rate cuts," he said. In an interview with the Westdeutsche Allgemeine Zeitung yesterday, the

Bundesbank President said

that he he was confident

Germany's inflation rate could

FRENCH AND GERMAN near 3 per cent in 1983 from an money markets rallied strongly average of around 4 per cent in 1992. However, it was unclear from the interview which long-term interest rates Mr Schlesinger felt could be reduced. However, the comments

triggered " a rash of bullish feeling" in French and German markets, according to one dealer. Euromark futures rallied sharply, with the March contract rising 12 basis points to a close at 92 19. German cash rates were generally easier, with 3 month money in the Euromark trading at around 8.87 per cent offered from around 9.25 per cent as recently as last Thursday.

French futures also rose sharply on Germany's coat-tails, with the March contract rising 15 basis points to close at 90.64 and the June contract up 9 basis points to close at 91.77. The cash market, contre-stage in the battle of the franc, was more resistant to change: 3-month money was as high as 12% per cent

yesterday The sterling markets were quieter. The Bank of England forecast a large shortage of £1.95bn at the start of the day, but trading was difficult and there was late assistance of £475m. Cash rates were generally unchanged, with 3 month money closing again at 7点 per cent.

FT LONDON INTERBANK FIXING (1) 00 a m Dec.220 3 months US dollars bid 32 The Issing rates are the arithmetic means rounded to the normal one-statemal, of the bid and offered rates for \$10m quoted to the market by five reference basic as 11.00 a.m. each working day. The basis are Mational Westminster Sani Basis of Tokyo, Denictoke Basis, Basis analysis of Tokyo, Denictoke Basis, Basis analysis of Tokyo, Orestoke Basis, Basis Basis and Mongan Guaranty Trast.

Spot 1.5390

Eco

Estimated volume 2972 (3248) Previous day's open Int. 37109 (37399)

Estimated volume 1916 (111) Previous day's open int. 14753 (14815)

 Contracts traded on APT. Closing prices; POUND - DOLLAR FT FOREIGN EXCHANGE RATES

High 87.45 87.75

84.95 87.38

88.10 88.10

1-mth. 3-mth. 6-mth. 12-mth 15336 15245 15135 1499

MONEY RATES NEW YORK Treasury Bills and Bonds Lunchtime Prime rate Broker loan rate Fed funds Fed lunds at interv Dec 22 Str Months 9.00-9.10 11-4-12/4 647-6-55 9.00-9 10 8.55-8.65 9.50 9.10 134-132 85-85 165-175

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LONDON MONEY RATES								
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Discount Mkt Deps Company Deposits	8	71,	<u>-</u>		=	-		
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ECU Linked Dep Bid	-	-	101	104	104	9 <u>7</u> 97		

Treasury Bills (self): one-month 6.3 per cent; three months 6.5 per cent; six months 6.3 per cent; Bank Bills (self): one-month 6.31 per cent; three months 6.31 per cent; Treasury Bills: Average tender rate of discount 6.3875. CCBD Fixed Rate Sterling Export Finance. Make up day Rovember 30, 1992. Agreed rates for period December 26, 1992 to January 25, 1993, Scheme [: 8.71 p.c. Schemes II & III: 8.54 p.c. Retreact rate for period October 31, 1992 to November 30, 1992. Content VEAV 7.267 p.c. Local Authority and Finance Houses seven days often other seven days of the seven days often the seven days often on the seven days of the seven days often of the seven days often days are seven days often days and the seven days often days are seven days often days are seven days often days of the seven days notice 4 per cent. Certificates of 1 as Deposit Exerte by Deposit E

b) GREEK EXPORTS S.A. 17 Paneplatimion St. 1st Floor, Tel. +30-1-324.3(11-115.

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NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. to the tradels of the prices of the tradels of the tradels are mostly last tradels with the tradels of the tradels are the tradels. The tradels will be tradels are tradels are tradels are tradels are tradels. The tradels are tradels are

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FT SURVEYS

Dow gives up its early gains by midsession

Wall Street

US MARKETS were unable to hold on to their early gains and by early afternoon leading indices were flat or lower in heavy trading, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was down 4.32 at 3,308.14. The more broadly based Standard & Poor's was also lower at the halfway stage, down 1.68 at 439.02, while the Amex composite was 0.8 firmer at 390.76 and the Nasdaq composite was down 2.08 at 660.38. Turnover on the NYSE was 152m shares by 1 pm, and declines outnumbered rises by \$96 to 839.

Buyers moved into the market at the start in anticipation of a year-end rally, lifting the Dow by 16 points in the first 30 minutes. Early sentiment was also aided by gains in overseas markets, where prices in London, Frankfurt and Tokyo all finished higher, and from another strong rise in bond prices which pushed long term interest rates lower.

The market, however, failed to maintain the upward momentum and soon after midday prices slipped into negative territory. Analysts offered no particular reason for the setback, although some said that the declines were due to investors selling stocks to realise their 1992 losses for tax pur-

The day's only economic a downward revision in the third real quarter gross domestic product figure from 3.9 per cent to 3.4 per cent was generally ignored by investors.

Among individual stocks, airlines were active after British Airways pulled out its proposed \$750m investment in USAir because the US government was about to block the deal. The news left USAir \$'a lower at \$11%, a muted reaction since the market had already discounted the deal's buoyed by the news, with Delta up 8% at 8511. AMR \$14 higher at \$64 and UAL. \$2 firmer at \$12314

Wal-Mart fell S'a to \$63', in nervous trading ahead of a network television programme which was expected to be critical of the retailer's trading and import policies.

Unisys dropped \$% to \$10%

in turnover of 1.4m shares

after the Wall Street investment bank Lehman Brothers cut its rating on the stock from "buy" to "outperform". IBM rebounded from recent losses, although the stock

remained near its 10-year low.

By early afternoon, IBM was up \$11 at \$50. On the Nasdaq market, Heart Technology climbed \$1% to \$18 after winning approval from the Food and Drug Administration to restart commercial distribution of its Rota-

erosclerosis in leg arteries. Homestyle Buffet dropped \$1 to \$21, after warning that it would post a "substantial" loss in the fourth quarter.

blator system used to treat ath-

TORONTO lost some of its early gains by midsession after climbing on another round of prime lending rate cuts. The TSE-300 index was up 6.9 to 3,317.3 in volume of 22.6m shares valued at C\$203m. Declining shares led advances 22S to 224 with 304 unchanged.

A fall in the bullion price sent gold shares lower, led by Placer Dome, down C\$15 to C8413 and American Barrick CS12 lower at C\$37%.

SOUTH AFRICA

GAINS in leading industrial and financial shares lifted the all-share index by 5 to 3,233. The industrial index rose 11 to 4,303. but gold shares were weaker on the back of the unexciting bullion price and the index lost 14 to 822.

The stock market has been held back in 1992 by economic and political difficulties, says Sarita Kendall

Colombian equities look ahead to a better year

or Colombia, 1992 has been a very difficult year as severe rationing, low coffee prices and guerrilla attacks on the oil and mining industries took their toll on the economy.

This has been reflected in the stock market, which has risen more modestly this year. According to the IFC, part of the World Bank, Colombia rose by 32 per cent in dollar terms from the start of 1992 to the end of November, well below the surge of 173.5 per cent achieved in 1991.

A fall in interest rates in the first half of this year led many investors to transfer some of their holdings out of fixedinterest instruments and into equities. But a sudden increase in interest rates in August and September reversed this trend.

Nevertheless, the outlook for the stock market is improving: government and independent sources have forecast an economic growth rate for 1993 of more than 4 per cent, compared with government estimates of above 2 per cent for 1999 Businessmen and brokers endorse the govern-

Imports have begun to rise, and will probably continue to do so as industrialists take advantage of lower tariffs, while a higher devaluation rate will boost exports Colombia has an annual devaluation rate

Foreign funds - 20 have now been approved - were particularly active during the first half, but mounting political and economic problems dampened foreign interest in recent months. The escape from jail of the drug trafficker Pablo Escobar and a surge in guerrilla violence (with the economy as the main target) have undermined the govern-

of about 16 per cent and infla-

tion is running at 24 per cent.

ment's economic optimism.

"These problems have an impact on the foreign investor. The country risk is more important than the company risk." says Mr Paul Weiss of the stockbroking firm Corredores Asociados. "But next year the 12 per cent profit remittance tax will fall to zero and this will encourage foreign investors.'

ment's prestige.

The high incidence of kid-

nappings and extortion also affects the willingness of local companies to expose themselves: once a company is listed on the market, guerrillas and criminals can find out how much the business and its owners are worth.

Nevertheless, several new companies have issued shares this year, including Fibratolima, a textile manufacturing firm, and Colsanitas, a hospital. Fewer than 180 companies are listed in the stock market and only about a tenth of them are actively traded. Some are only there for tax purposes. says Mr Weiss, not for trading, and he expects a reshuffle next year as such companies drop out and new ones come in, offering real alternatives for the investor.

The government's privatisation programme is moving more slowly than expected although the industrial development institute is selling off its holdings in a number of small companies. It is not clear whether the government has enough support to brave the trade unions and privatise the bigger companies that should

IFC EMERGING MARKETS PRICE INDICES Local currency terms Nov 30 % Change % Change Nov 30 % Change % Change 1992 over month on Dec '91 685.3 274,827,853 -12.4 -8.5 -4.5 90.27 1,684.91 -14.0 4,961.85 7,482.33 26,385 34 + 50.0 + 14.0 1.639.46 Mexico -29.8 East Asia ÷3.8 South Korea 1.758.77 -22.3 Indonesia' -21.2 -23.8 Malaysia

attract foreign investors. The stock exchange authorities are enthusiastic about new plans and regulations, which

will create confidence in the

market and encourage expan-

sion. Pension funds will probably start operating next year and different forms of risk coverage are being studied. Controls on the origin of money are also being applied more rig-

-2.2

Source: International Finance Corporation Base date: Dec 1994 = 100. *Dec 1999 = 100. 1Jan 1996 = 100 tDoc 1996 = 100

idly by banks and financial laundering. Small investors are showing more interest in shares now that mutual funds are beginning to operate.

307.61

-22.3 + 14.7

-16.7 -34.0

Continental bourses continue their year-end rally

Euro/Mid East

Jordan

Portugali

CONTINENTAL bourses continued their Christmas rally yesterday, urites Our

FRANKFURT remained positive as some disappointing economic news was largely ignored. Remarks by Mr Helmut Schlesinger, the Bundesbank president, forecasting a fall in long-term interest rates caused bonds and futures to rally but had little effect on equities, as he reaffirmed that there would be no change in short-term rates.

The DAX index closed up 7.99 at 1,523.57, but off the day's high of 1,529.83. Turnover was barely changed at DM4bn after DM3.9bn.

Volkswagen declined DM7.10 to DM237.20. partly as investors continued to sell following recent gloomy forecasts from the company but also because the German Automobile Association reported stagnating domestic demand and reduced orders from overseas.

Retailers continued to be firm on a report that Christmas period turnover could beat expectations. Asko firmed DM20 to DM665, Karstadt was up DM4 to DM488 and Kaufhof improved DM5 to DM400. Utilities rose on news that a

legal dispute between east German municipalities and power groups had been settled RWE gained DM4.30 to DM399.80 and Viag rose DM7 to DM329.50. PARIS was lifted by a strong

bond market and signs that pressure on the franc was easing, but some dealers feared that the stock market had risen too far, too fast. The CAC-40 index ended 38.08 higher at 1.824.37 in heavy turnover of FFr3.6bn.

Most blue chips participated in the rally, with Alcatel rising

FT-SE Actuaries Share Indices Open 18.38 11.06 12.00 13.00 14.00 15.00 Close Hourty changes 115463 115302 1151.67 1154.00 1156.12 1155.77 1157.18 1157.60

1059.21 1050.25 1145.44 1136.56

Base value 1000 (25/10/90) High/day, 100 - 107473, 200 - 1157:17 Lowloay, 100 - 1068,39 200 - 1151.67 FFr12 to FFr679 and BSN up FFr24 to FFr938. Drinks stocks also found favour, as LVMH

put on FFr145 or 4.2 per cent to FFr3,600 and Pernod-Ricard added FFr16.50 or 4.8 per cent to FFr360. Hopes of lower interest rates again buoyed up financial

FT-SE Eurotrack 200

stocks, as Suez gained FF:9.80 to FFr254.80 and Société Générale added FFr16 to FFr597.

MILAN was lifted right at the end of a dull session by that the government was will-

THE EUROPEAN SERIES L101 to L1,486. Credito Italiano gained L38 Dec 21 Dec 18 Dec 17 Dec 16 Dec 15 1034.41 1119.02 1036.62 1117.67

109.72

news that the Bank of Italy had lowered its official discount rate by one point to 12 per cent. The Comit index ended 0.09 higher at 428.96 in turnover estimated at close to Monday's L134.5bn.

tured for a second day as Ras added L1,030 to L19,530 and Generali rose L160 to L27.610. Stet and Sip were traded heavily on continued hopes

Insurers and telecoms fea-

ing to sell a controlling stake in Stet. Stet was fixed L19 down at L1.760 but jumped to L1.842 after hours. Sip rose

to L2,850. The prime minister, Mr Giuliano Amato, said yesterday that the state-owned Banca Commerciale Italiana (up L175 at L4,600) would be put up for sale once the government had dealt with the sale of Credito Italiano.

BRUSSELS built on Monday's gains with a 14.32 rise in the Bel-20 index to 1,141.56. Bekaert, which said after Monday's close that it was to pay a BF7100 1992 dividend rose BFr550 to BFr13,525.

AMSTERDAM rose in thin trading with the CBS Tendency index gaining 1.2 to 105.6. Ahold advanced Fl 1.60 to FI 88.60 on news that it was to help set up the first food distri-

STOCKHOLM turned lower as profit-taking emerged after a three-day rally and the Affārsvārlden general index eased 6.8 to 914.6. Astra again dominated trading, accounting for roughly SKr190m of total turnover of SKr910m. Its A shares fell SKr2 to SKr748.

HELSINKI rallied as the approaching year-end pushed up share prices and volumes. News that parliament had passed legislation dismantling restrictions on foreign ownership of shares from the start of 1993 also lifted sentiment. The Hex index rose 13.9 to 823.9. VIENNA's ATX index gained

16.53 or 2.3 per cent to 739.43. ISTANBUL closed at a threemonth high, as cement and textile stocks featured. The 75share index gained 44.84 or 1.1 per cent to 4,075.60 in turnover estimated at TL370bn.

ASIA PACIFIC

Late buying by public funds lifts Nikkei

THE NIKKEI average closed marginally higher on late buying by public funds ahead of today's national holiday. writes Emiko Terazono in Tokyo.

The 225-issue average gained 45.23 to end at the day's high of 17.690.67 on late afternoon buying, having fallen to the day's low of 17,563.59 during the first hour of trading on selling by tokkin, or specified money Volume declined to 220m

shares from 246m. Most dealers remained on the sidelines since they end trading for their December accounts on Friday. Overall declines, however, still led advances by 534 to 409. with 196 issues unchanged. The Topix index of all first section stocks rose 4.09 to 1,349.86, and in London the ISE/Nikkei 50 index edged up 0.68 to 1.102.55.

The Ministry of Finance announced plans for a new capitalisation weighted futures index to end criticism of the negative effects of futures and

NATIONAL AND REGIONAL MARKETS

Australia (68)...... Austria (18).....

Reigium (42) 136 88
Canada (113) 115 22
Denmark (34) 196 04
Finland (15) 69.82
France (99) 146.59
Germany (64) 105 45
Hong Nong (53) 210.68
Ireland (16) 140.68
Ireland (16) 140.68
Ireland (17) 54.60
Japan (472) 109 94
Malaysia (69) 266 28
Me≯rco (18) 1621.27
Netherland (25) 155.01
New Zealand (13) 42.16
Norway (221 144 72
Singapore (38) 213 69
South Africa (60) 144 28
Spain (48) 122.66
Sweden (31) 170.80
Switzerland (60) 114 45
Sweden (31) 170.80
Switzerland (60) 175.81
USA (522) 179 88

account the number of shares outstanding and is planned to replace the Nikkei 225 futures index, which is a simple price average of 225 stocks.

prompted little reaction from the futures market, but triggered some buying in stocks which are currently underrepresented in the Nikkei 225. Electric power utilities gained ground along with banks and telecoms.

Tokyo Electric Power moved ahead Y90 to Y2.680. Mitusbishi Bank Y10 to Y2,430 and NTT Y10,000 to Y572,000.

Dainippon Ink and Chemicals put on Y5 at Y411 on reports of planned joint ventures in China, Suzuki Motor, also a China related stock, climbed Y15 to Y846.

Trading of Jax, the import car dealer listed on the overthe-counter market, was once again suspended. Volkswagen announced in the morning that it would acquire a 19.9 per cent stake in Jay to hoost its Japanese sales network.

MONDAY DECEMBER 21 1992

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited, 1987 Latest prices were unavailable for this edition.

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options trading. The proposed Medical hygiene-related Hong Kong Telecom firmed 20 Ministry's draft budget for fiscal 1993, which earmarked Y134m for prevention measures against a new virus contracted mainly in hospitals. Sanden, a steriliser maker, announcement firmed Y5 to Y593 and Terumo. a leading manufacturer of dis-

posable medical instruments, rose Y10 to Y875. In Osaka, the OSE average slipped 35.20 to 19.082.48 in volume of 37m shares. The index retreated for the first time in four trading days ahead of the national holiday.

Roundup

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

The World Index (2203)... 142.29 +0.3 134 84 110 55 116 (0) 128 31 +0.2 2 64 141 89 134 37 110.59 115.49 128.00 153.70 130.65 143.79

Gross Div Treld

Dollar Inde i

THE region's markets were mixed yesterday. HONG KONG was lifted by foreign institutional buying and the Hang Seng index finished 55.26 ahead at 5,297.74 in

low turnover of HK\$1.77bn. Among the actives, HSBC Holdings appreciated 50 cents to HK\$53. while Cheung Kong gained 40 cents at HK\$17.90 and Jardine Matheson moved

Pound Starting Index

SINGAPORE retreated on profit-taking in blue chips. The Straits Times Industrial index receded 22.33 to 1,489.16 in volume of 68.5m shares, against 112.9m on Monday.

SEOUL reversed early losses as investors concentrated on small and medium-sized companies. The composite index was finally 3.55 higher on balance at 657.01 in turnover of some Won460.7bn.

TAIWAN regained some of Monday's fall but sentiment remained nervous following the ruling Nationalist party's poor performance in parliamentary elections at the weekend. The weighted index improved 3.88 to 3,579.97 in low turnover of T\$8bn

AUSTRALIA lost ground after its strong recent performance, the All Ordinaries index closing 7 down at 1,530.1 in turnover of A\$301.7m. BHP

relinquished 8 cents to A\$13.08. BANGKOK was subjected to profit-taking and the SET index shed 7.46 to 863.87 in forward 50 cents to HK\$41.50. turnover of Bt6.1bn.

143.45 168.46 141.34 131.04 265.08 74.19 140.43 115.00 170.29 72.48 128.09 208.56

28.55 1288.13 149.59 45.71 169.95 209.62 242.26 147.91 172.37 97.27 175.31

HYUNDAI

US\$100,000,000

Floating Rate Notes Due 1997

In accordance with the provisions of the Floating Rate Notes, notice is hereby given as follows:

Interest Period : 22nd December, 1992 to 22nd June, 1993 (182 days)

Rate of Interest : 51/4% per annum

Coupon Amount: US\$1,327.08 (pernote of US\$50,000) US\$13,270.83 (per note of US\$500,000)

LTCB Asia Limited

Standard **Chartered**

Standard Chartered PLC

£300,000,000 **Undated Primary Capital Floating Rate Notes** of which £150,000,000 comprises the Initial Tranche

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (90 days) from 22nd December 1992 to 22nd March 1993 the Notes will carry an Interest Rate of 71/s per cent per annu

The interest payment date will be 22nd March, 1993. Coupon No. 31 will therefore be payable on 22nd March, 1993 at £922.13 per coupon from Notes of £50,000 nominal and £82.21 per coupon from Notes of £5,000 nominal



J.Henry Schroder Wagg & Co. Limited



CASCADES PURCHASES PAPERBOARD INDUSTRIES CORPORATION PIC

In July 1992, Cascades Inc. which holds 86.6% of Cascades S.A. shares announced the creation of a new company, CASCADES PAPERBOARD INTERNATIONAL Inc. "C.P.I." to cover Cascades board activities internationally.

C.P.I. has reached an agreement with a group of Northamerican underwriters providing for the issue to the public of a stock of common shares for a total consideration of 140 million CAD. The closing of this issue on December 17, 92 corresponds to the acquisition of C.P.I. of Paperboard Industries Corporation.

PIC's activities include the manufacture (two mills in Canada) and the conversion of paperboard (Somerville Packaging) on 13 sites located both in Canada and the U.S.

C.I.P. will rank among the most important board producers (800,000 tonnes). Sales amounting to approximately 1 billion CAD include also conversion activities.

> AIRCRAFT LEASE PORTFOLIO SECURITISATION 92-1 LIMITED

U.S.570,400,000 Secured Class A3 Floating Rate Notes due June 1997
Notice is hereby given that the Plate of Interest has been fixed at
4.2% and that the interest payable on the relevant interest Payment
Date March 23, 1993 in respect of U.S.\$43,150 nominal of the Notes
will be U.S.\$453.08 and in respect of U.S.\$86,300 nominal of the
Notes will be U.S.\$906.15.

December 23, 1992, London
By:Citibenk, N.A.(Issuer Services), Agent Bank CTTBANCO

SCHRODER JAPANESE WARRANT FUND LIMITED

International Depository Receipts issued by Morgan Guaranty Trust Company of New York evidencing States of US\$0.01 each NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the second Annual General Meeting of the members of the Company will be held at Berfield House, St. Julian's Avenue, St. Peter Port, Goernsey on Wednesday, 30th December 1992 at 10.00 - ...

day, 30th December 1992 at 10.00 a.m.

To elect a Chairman of the Meeting To approve the Minutes of the previous Annual General Meeting held on 16 August 1991. Matters arising

ited Report and Accounts of the Company for the period

To re-appoint Mr Mark I. Smith as a Director of the Company in ac with Article 74.

To re-appoint the Auditors and to authorise the Directors to fix their To consider and approve the Directors' restaure

VOTING ARRANGEMENTS FOR IDR-HOLDERS

IDR-Holders must deliver the IDRs to the Depositary at the latest on December 28, 1992 at the address given below (Ann. IDR Dept., telephone 32.2.508 84 49, telex. 21752 MORBE B), instatet the Depositary as to the manner in which votes should be cast, and indicate to whom the IDRs should be returned after the meeting. IDR-Holders who wish to vote at also requested to transfer to Morgan Guerrary Trust Company of New York, New York, for account 670.01.422 of Morgan Guerrary Trust Company of New York, Brussels Office, a fee of USS 1.00 per IDR in respect of which a vote is cast.

shary: Morgan Guarzziy Trust Company of New York, Brussels Office, 35, Avenue des Arts, B-1040 BRUSSELS

AIRCRAFT LEASE PORTFOLIO SECURITISATION 92-1 LIMITED (Incorporated with Residue) liability in James)

(Incorporated was manual anality in Jamey) U.S.\$104,200,000 Secured Class A2 Floating Plate Notes due June 1997 Notice is hereby given that the Rate of Interest has been fixed at 4,4875% and that the interest payable on the relevant interest Payment Date June 23, 1993 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$226.87 and in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$2,268.68.

By: Offbank, N.A. (Issuer Services), Agent Bank December 23, 1992, London